FISCAL FACTS AND FICTIONS

BY THE SAME AUTHOR

THE EMPIRE'S SALVATION.

COMETS AND THEIR TAILS.

For press criticisms see end of book.

FISCAL FACTS AND FICTIONS

A Strictly Commercial View of the Tariff Problem

BY

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ETC.



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PREFACE

POSTULATES.

THE United Kingdom is essentially a commercial country, and the maxim that 'exports should pay for imports' is therefore an axiom which needs no explanation.

The wisdom and the force of this axiom must be evident with reference to a nation whose wealth is dependent on her commerce.

But it does not become an imperative law to a nation having sources of wealth other than her commerce, for she can afford to buy more than she sells so long as her purchases do not exceed her total income.

A nation must, however, lose commercially when the value of her imports exceeds the value of her exports, for although this excess may be paid for from her other sources of wealth, still, as regards her commerce, this excess is a *direct loss*.

If the excess is continually increasing, while her income is either stationary or not increasing in due proportion, then a nation's solvency is threatened.

If the excess is greater than her external sources of

income, and she is obliged to use her capital and sell her securities to meet these liabilities, her position is *indeed* serious.

It may become apparent to others that this is the position of the United Kingdom, and that unless this ever-increasing loss in our external trade is stopped, and a serious attempt made at once to balance our imports by our exports—as all other nations are most successfully striving to do—the future position of this country will become worse, and 'It is no good learning to swim when your ship is sinking.'

QUESTIONS.

Are we not daily becoming more and more unable to obtain from our own people the necessities of life?

Are we not daily depending more and more on foreigners for the necessities and luxuries of life?

What must be the result of this dependence?

Have you not heard the Italian proverb: 'He who depends on another man's table often dines late'?

Have we given our people every encouragement to cater for us?

Do we give foreigners greater advantages than we give our own people?

Then, I say, that if the average reader of these pages does not find the answer only too apparent, and the remedy obvious, then God help us as a nation!

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ERRATA.

Page 128. *For* Appendix V., *read* Appendix IV.

„ 139. *For* Appendix VI., *read* Appendix V.

„ 143. *For* Appendix VII., *read* Appendix VI., *and so on.*

„ 225. *For* Appendix IV., page 88, *read* Appendix IV., page 128.

CHAPTER I

INTRODUCTION

THE FISCAL QUESTION which is being vigorously discussed throughout our Empire, has produced the following definite but widely differing views.

ON ONE SIDE

it is claimed, that the *so-called* Free Trade is that advocated by Cobden, and that it is the only policy under which the United Kingdom can hope to prosper. That we owe our present state of 'unbounded prosperity' to its laws and observances, and that if we abandon it our trade will be ruined, our present state of commercial prosperity will disappear, while the Empire will crumble to pieces.

That the admitted excess of imports over exports is only a sign of our 'unbounded prosperity'; that the greater this excess, the greater our wealth.

That the payment for this excess is made by the 'goods supplied and the services rendered' by us, as well as by the 'interest due to us,' and that this method of payment is perfectly sound and legitimate, and is good business for England.

That, no matter how great the excess may be of the goods we buy over the goods we sell, no matter how much our 'services rendered' and 'interest due' may dwindle, so long as we have Free Trade we shall continue to prosper.

ON THE OTHER SIDE

it is claimed, that we have not had the Free Trade advocated by Cobden, that the weak and imbecile policy

called Free Trade is a bastard substitute which had, in reality, no conception in his brain.

That it is impossible for the United Kingdom to prosper whilst worshipping this misconception of his grand ideals, while their adoption is now impossible.

That we owe our present depression of trade, increase of the unemployed and paupers, etc., to the mistaken estimation of the benefits of our so-called Free Trade.

That, unless we abandon it, the disintegration of our Empire must follow, our foreign trade will disappear, and our industries will continue to decline, and, as Bismarck said, 'we shall be eventually compelled to adopt Protection in order to save our home markets.'

That the axiom of all sane economists is true: that 'exports' should pay for 'imports,' and that, unless they do so, we, as the importing country, must suffer, in that we are sending money abroad to pay for goods, which would otherwise be spent in the United Kingdom and the Empire.

That the greater the excess of 'imports' over 'exports,' the greater the loss, and that the nation is being impoverished by having to pay, from its other sources of wealth, the losses made in its foreign trade.

THESE VIEWS ARE SO WIDELY DIVERGENT

that it seems almost impossible to believe that both can be seriously and honestly entertained by reasonable men. They have, however, been advanced by the advocates on either side, both in the press and on the platform, and therefore it is necessary to deal with such a momentous issue at considerable length.

In discussing the relative merits of our so-called Free Trade, as compared with some other fiscal policy, it must be remembered that, while the question is one which affects

the vital interests and the welfare of the British Empire, it will be the inhabitants of the United Kingdom only upon whose shoulders will fall the responsibility and the duty of deciding whether it is to their own advantage, and equally to the advantage of their loyal fellow-subjects, to continue a policy under which they have for so long elected to exist, or to adopt new measures in order to retain the unity between the Mother Country and the rest of the Empire, to protect their industries, and to obtain those reciprocal trading advantages with foreign nations which should be theirs.

TO SERIOUSLY STUDY

this question is, therefore, an obligation which you owe to yourselves, your fellow-subjects, your children, and posterity. May I ask you to banish from your mind all party issues, to weigh the arguments and the figures I shall place before you, and to consider carefully the momentous issue which is discussed, uncontrolled by any mentor other than your own judgment?

On one side of this question you have the so-called Free Traders, some of whose advocates are gifted and eloquent men, anxious to control the Government of the country, and who declare, that as regards our trade and fiscal policy all is well; that we are in a state of unbounded prosperity, and that no alteration is either advisable or necessary. Now, whatever personal advantages they may have in view, if they be correct in their facts and right in their judgment, then they should not only be listened to, but followed.

On the other side we find men who are also brilliant and eloquent, who already control the Government of the country, and who have nothing to gain and much to lose, declaring that all is not well, that our trade is not only threatened, but injured, and in some trades, such as

silk, almost wiped out; that unless an alteration comes, the stability of the Empire will be shaken, while the United Kingdom will suffer heavily. If, then, the leaders of this latter policy are honest and sincere, their facts and figures true and their contentions just, they should be listened to and followed. As I said, it is for you to judge. Both parties are eager to convince the nation that salvation and happiness will alone be obtained by following them; it is certain that one or the other is mistaken, and the question is,

WHICH PARTY IS RIGHT?

I shall, in the following pages, endeavour to answer this question. If I consider it necessary, in order to expose mistaken fallacies, to tear asunder the veils of rhetoric, humbug, and misstatements which may obscure the truth, or to show up in their true colours the enemies of this Empire, I shall do so, as in all things I consider that 'the public good should be preferred to private advantage.' I hope my methods may not appear rough and unpolished; should they appear so, I trust that the rudeness may be forgiven in consideration of the regard I feel for my country. At the same time, it must not be forgotten that 'coats are down on the green,' and that it is folly 'to keep the mittens on when the other side are using the raw 'uns.'

CHAPTER II

FREE TRADE—THE REASON FOR ITS INTRODUCTION AND THE ADVANTAGES IT APPEARED TO OFFER

At the beginning of the last century the country was suffering from the effect of the French War, which, beginning in 1793, continued until the year 1815. The nation was brought to great poverty by the continual drain on its resources. Its exchequer and its rural population were both depleted, but the country was otherwise in a healthy commercial state.

England's supremacy at sea had been guaranteed by Trafalgar, and the discoveries of Arkwright, Watt, Hargreaves, and others, gave England a practical monopoly of textile fabrics, and of other products nearly as important; and therefore, in the middle of the last century England had practically the manufacturing monopoly of the whole world. We grew to believe that our commercial position was unassailable; and it was this proud belief that caused Great Britain to throw aside her fiscal weapons, to open her doors to all nations, and proclaim Free Trade to the world.

Frederick List, the great German economist, pointed out in 1840, that, though Great Britain was inclining to Free Trade, she really had become rich and prosperous owing to Protection.

The activity of the manufacturing industries had caused an exodus of the agricultural population from its countryside. Labourers were wanted in the ever-increasing factories of our large towns, and foodstuffs were in consequence expensive, thus the merchants and manufacturers

of that day discovered that Protection for the time had ceased to be of any advantage to them.

The reverse opinion was held by the landowners and farmers, who wished for the fullest protection in order to regain their profits, and to repopulate the land depleted by the war and the drifting of labour to the manufacturing districts.

THE QUESTION BEFORE THE NATION,

therefore, as Mr. Balfour says, was :

> 'Was this country to become more and more a manufacturing community, or was agriculture to be maintained at whatever cost in its ancient predominance?'

It was argued that either one industry or the other would have to sacrifice something. If we continued taxing corn, the manufacturing centres would suffer. On the other hand, if we took the tax off corn, while our manufacturers would continue to prosper, labour would continue to leave the countryside, cheap foodstuffs would flood our markets, and the agriculturists would suffer.

It was here the

COBDEN SCHOOL

came into prominence with the programme of Free Trade, and offered tempting arguments to each camp. They said to the manufacturers that, as we were supplying the world with our goods, for which we could command our own price, other nations, whose principal productions were foodstuffs, etc., would be only too willing to supply us with these in return, and at the cheapest price; that the whole world would almost immediately follow our example and adopt Free Trade, and that our whole community would in every way prosper.

The world, they said, recognising our superiority, would be content to rely on England for manufactured goods, and would in return supply us with such foodstuffs as England required or did not herself produce. The Cobden school claimed that universal Free Trade must follow within ten years from its adoption by England, and that any other supposition was absurd. Cobden said:

> 'I believe that if you abolish the Corn Law honestly, and adopt Free Trade in its simplicity, there will not be a tariff in Europe that will not be changed in less than five years to follow your example.'

Again he said:

> 'You might as well tell me that the sun will not rise to-morrow as tell me that foreign nations will not adopt Free Trade in less than ten years from now.'

They also claimed that it would result in the permanent benefit of the agricultural community. Cobden said:

> 'We do not believe that Free Trade in corn will injure the farmer; we are convinced that it will benefit the tenant-farmer as much as any trader or manufacturer in the community. Neither do we believe that it will injure the farm labourer. We think it will enlarge the market for his labour. We do not expect that it will injure the landowner.'

Was ever a mid-day dream so utterly falsified?

UNRIVALLED IN THE WORLD.

And he declared in 1843:

> 'We are the great agricultural improvers of this country. Among the other glories that will attach to the name of Manchester will be this, that the

> Manchester men not only brought manufactures to perfection, but that they made the agriculturists also, in spite of themselves, bring their trade to perfection, and to become what it now is, like her manufactures, unrivalled in the world.

Is our agriculture unrivalled in the world?

The following is a quoted conversation of Cobden's in "Notes and Queries" (*Pall Mall Gazette*). One of Cobden's friends said to him:

> 'What will happen, Cobden, if no other country should adopt Free Trade?'
>
> 'Oh,' said he, 'they will all adopt it.'
>
> 'Yes; but if they do not?'
>
> 'In that case,' said Cobden, 'Free Trade will ruin the country in half a century.'

Cobden thought that British agriculturists had nothing to fear from Free Trade, because they would always enjoy the natural protection and advantages of proximity to the English markets. Steam, however, was not a factor in those days, and its introduction entirely upset his calculations.

To show how erroneous his predictions were as regards the landowner, I may mention that the capital value of farming lands, farm buildings, etc., has fallen since then, according to the Government statistics, over 800 millions.

Is this falling-off in value of the land we live in, a healthy sign of the prosperity of the nation?

Our country, misled by these ideals, instead of adopting a *quid pro quo* policy until it had induced the world to adopt the new system of Free Trade, quixotically surrendered its strong position as the leading manufacturing influence of the world, and left itself and its industries unprotected.

In blindly trusting to the arguments of the Cobden school

ENGLAND COMMITTED THREE MISTAKES.

1. In not anticipating that the rest of the civilized world, on being left a free hand, would refuse to adopt our principle of Free Trade, and would, at their own discretion, proceed to take every advantage of our weakness.

2. In not foreseeing that this refusal to adopt Free Trade, and the adoption by the rest of the world of a hostile fiscal policy, would ultimately mean a very serious loss to England as the one Free Trade country.

3. In not realizing that a most grievous blow would be dealt to agriculture in the event of the Cobdenite ideals and promises being unfulfilled.

England has since then committed

TWO BLUNDERS

of even a worse character:

1. She failed to alter her fiscal policy when it was discovered, that the promises and expectations which were the essential and main reasons for adopting Free Trade, were broken and unfulfilled.

2. She failed to obtain Imperial Free Trade, which should have been the first and most lasting result of such a policy, and which, if obtained, would have rendered the Protectionist policy of the rest of the world of minor importance.

Mr. Balfour asks us in his 'brochure':

> *'Whether a fiscal system suited to a Free Trade nation in a world of Free Traders remains suited in every detail to a Free Trade nation in a world of Protectionists.'*

Now, I am not concerned to reply to a question the answer to which will, I hope, become self-evident as we proceed.

CHAPTER III

THE PROMISES AND EXPECTATIONS OF THE COBDENITES HAVE BEEN UNFULFILLED

BISMARCK'S ARGUMENTS in favour of Protection were made in 1879, at a time when there was a great depression in German industries. The German manufacturer at that time produced goods of an inferior class, and these were in most cases a bad imitation of our own.

BISMARCK said:

> 'We have become the dumping-ground for the overproduction of other countries; we are being swamped by the surplus production of foreign nations. Prices have been depressed, and the development of all our industries has suffered in consequence. We are slowly bleeding to death owing to insufficient Protection. Let us close our doors and erect barriers in order to reserve to Germans at least the home market.
>
> 'I see that those countries which possess Protection are prospering, and that those countries which possess Free Trade are decaying. England herself is slowly returning to Protection, and in some years she will take it up in order to save for herself *at least* the *home markets*.'

No truer words could possibly have been spoken about Germany *then*, or about England *now*, and as Germany has *prospered* by acting on the advice of Bismarck, so will England prosper, if she, too, alters her present suicidal policy, and retains her home markets for her own people.

They were indeed prophetic words, but I think we have

awakened in time to save our colonial markets as well as our home markets. Please God that it be so!

McKINLEY said:

> 'The people of no nation in history have ever permanently prospered under a policy which sacrificed its home industries to build up and develop the resources and give employment to the labour of foreign States.'

I agree with Lord Playfair, a Liberal leader, who said in 1891:

> 'If the Americans be right in principle, and if they be successful in practice, the whole policy of the United Kingdom is founded on a gigantic error, and must lead to our ruin as a commercial nation.'

Assuredly both America and Germany 'have been successful in practice.'

The importance and truth of these principles have been finally recognised and adopted by every self-governing community in the world, save Great Britain, and, in order to foster and encourage its own industries, each country has placed protective duties on every class of goods entering its borders which can be profitably produced by its own inhabitants. In other words, the various nations of the world have discovered that it is essential for the benefit and well-being of its respective inhabitants that the home markets should in every case be reserved for its home industries.

Now, what was the

MEANING OF FREE TRADE

as advanced by its advocates in 1846? There can be no doubt on this subject, as their language was too emphatically plain to admit of any misconstruction. It meant to

them, at any rate, whatever it may signify to the advocates of our present so-called Free Trade, the *unimpeded exchange* of commercial commodities between manufacturing and commercial communities of different financial systems and under different governments. Therefore it must be clearly evident that, so far as the original intentions of the Cobdenites are concerned, the high wall of protective duties, which has been raised completely round Great Britain, means our complete failure to obtain the Free Trade they advocated.

I believe that, had the Free Trade of the Cobdenites been adopted and *adhered* to by other nations, the great benefits and advantages to England which Cobden claimed would have been fulfilled, and we should be now, as we were *then*, incomparably ahead of other nations in wealth, in manufactures, and in agriculture.

I have, therefore, only the unpleasant task of considering the failure of these ideals, and it becomes necessary to discuss the reasons which induce the so-called Free Traders to adhere to the doctrines of a policy which has in reality never existed.

CHAPTER IV

THE ARGUMENTS OF SO-CALLED FREE TRADERS IN FAVOUR OF THEIR SO-CALLED FREE TRADE DISCUSSED

I FIND a great difficulty in discovering any strong or telling arguments by which they—the so-called Free Traders—justify their faith.

1st. They point with pride to what they call our present flourishing condition.

2nd. They refer to the increased returns of the income tax during the last ten years as an evidence of the increased wealth of the nation.

3rd. The increased amount of deposits and the increased number of depositors in our savings banks.

4th. The great advance made in the past by England after Free Trade was introduced.

I will briefly deal with these arguments.

1. Our present flourishing condition may be met with the question: Are we flourishing?

(*a*) AS TO AGRICULTURE.

From the Government returns it is evident, that instead of Cobden's promises being carried out, Free Trade has ruined the agricultural industry, and England, the finest agricultural country in the world, is steadily going out of cultivation. The loss in rents, since Cobden's time, is more than £30,000,000 per annum, and farm land, in Essex, can be bought to-day for about £10 per acre; in the north of Lincolnshire for £25 to £30; whereas similar land in Northern Italy—a protected country, and one

of the poorest countries in Europe—ah! I see why you laugh, my friend, but were she a Free Trade country to-morrow she would soon be poorer still—realizes a minimum of £50 per acre, and a friend of mine, a landowner, informs me that the best agricultural land realizes £250 per acre. He has himself recently bought about sixty acres at an average of over £200 per acre. Can a similar report be made of purely agricultural land in England?

In 1850 the United Kingdom cultivated 4,000,000 acres of wheat.

In 1901 the United Kingdom cultivated 1,746,840 acres of wheat.

In the last four years 300,000 acres of wheat ground have gone out of cultivation. Green crops have decreased from 5,073,000 acres in 1871 to 4,231,000 acres in 1901; flax from 136,000 acres to 56,000 acres; hops from 64,000 acres to 51,000 acres. The acreage in barley, oats, rye, beans, and peas has decreased between 1888 and 1901 nearly 400,000 acres. All the time the population and the consuming power of the country has been increasing. What the farming industry has lost in wheat it has not made up in cattle and live stock. Sheep have decreased between 1871 and 1901 to the number of 2,000,000; pigs have decreased to the number of 370,000; while cattle only show an increase of 3 in every 20 in the same time. Stock-raising does not, even if there were an increase, give employment to as many men as cereal cultivation. For every three acres which go out of cultivation it has been calculated that one agricultural labourer loses employment.

I think, then, it cannot truthfully be argued that agriculture in England is flourishing.

(*b*) As to our Export Trade as compared with our Import Trade.

It is held rightly by all economists that our exports should pay for our imports—that is, the goods which we as a nation send abroad should pay for the goods we obtain from abroad. If we sell more than we buy, our trade is good; if we sell less, then our trade is bad. In 1872 the excess value of the goods we purchased abroad, over those we sold, came to no less a sum than £1 2s. per head of man, woman, and child in the British Isles. This annual excess has gone on increasing since then until it reached the enormous sum of £4 5s. per head, of our population, in 1902.

In addition to these striking figures as to the difference in the value between our exports and imports, the ever-increasing number of the unemployed, and of the paupers, must be considered.

In our textile factories, etc., in the ten years which elapsed between 1891 and 1901, no less than 47,719 fewer operatives were employed. Of the 560,000 trade unionists of the United Kingdom, 6 per cent. are workless (see November Board of Trade returns), but the percentage of the unemployed among the far larger class of non-union labourers is much greater. Mr. Edgar Wallace calculates that 600,000 workmen are now unemployed.

The depression on our money markets, the never-decreasing annual number of failures, our decaying trades and closed factories, all point to the sad fact that our present commercial position is anything but a flourishing one, and conclusively prove that, as far as trade is concerned, we are not flourishing.

2. They (the so-called Free Traders) point, secondly, to the wealth shown by the nation in the increased

RETURNS FROM INCOME TAX.

Even supposing that a real increase has taken place in the incomes of the wealthier class in the last ten years, is it, in itself, an acknowledged truth that this must of necessity mean an increased wealth to the nation, or to the great majority of its inhabitants? Rather the reverse may be argued. For, in want of proof to the contrary, it may be more forcibly argued that it means the transference of wealth from one class to the other, especially in view of the great distress prevalent among the working classes at present. But it appears that the increase is largely, if not entirely, due to the following causes:

(*a*) Owing to the greater facilities which the Inland Revenue Office has for *discovering* the Income tax, such as the limited liability system and the increased *stringency* in *collecting*, especially during the late war.

(*b*) To the increased income derived from

HOUSE RENTS,

which amounted in 1902 to £40,000,000 more than in 1891. The decrease in incomes derived from land in the same ten years was nearly £5,000,000 per annum—a serious set-off to this amount. The increase in house rents is due to the increased overcrowding of the towns (by no means desirable) and the competition for houses.

(*c*) To the income derived from the increased number of

PUBLIC COMPANIES,

and the methods the Inland Revenue Office now adopt to collect the duties chargeable on their incomes. Nineteen thousand of these public companies have been

registered in the last ten years, and have an aggregate capital of £1,000,000,000. I think it will be admitted that otherwise many of these companies are by no means an unmixed blessing for the majority of the nation.

No less than 13,517 public companies went into liquidation during the last ten years, while 11,000 companies which did not go into liquidation were struck off the lists. The following is an extract from the *Daily Mail*:

382 MILLIONS LOST.

'The report of the Board of Trade on company liquidation throws a searchlight on the results of company promoting.

'The figures for ten years are astounding:

Public subscriptions	...	£270,774,754
Vendors' shares	...	289,877,109
Total	...	£560,651,863

Loss on vendors' shares	...	£179,619,685
Public subscriptions	...	163,434,137
Loss to creditors	...	39,499,877
Total	...	£382,553,699

'On this basis, which the Inspector-General regards as a conservative one, it would appear that there has been a total loss during the ten years of £203,000,000, as the result of misdirected and unsuccessful company enterprise, besides £179,000,000 on vendors' shares.'

PUBLIC COMPANIES

It must always be remembered, too, that foreigners are very large shareholders in our remunerative public companies; that, although the incomes of these companies are taxed and counted as being assessable income, the divi-

dends are sent out of the country to the foreigners who own the shares. An income of between £6,000,000 and £7,000,000 has been exempt from the income tax of late years (see Board of Trade 'Memoranda and Statistics,' etc., p. 104), mainly on the ground that it belonged to foreigners resident abroad.

It is well not to forget that France is probably employing about £40,000,000 in our money markets just now, from which it could draw in the event of any unpleasant developments in connection with war.

(*d*) To the increased income derived from corporations and the

OFFICIALS OF PUBLIC COMPANIES,

amounting to no less than £24,000,000 in the last ten years. The incomes obtained by these officials may account for the continued existence of a good many of these public companies.

(*e*) The millions of money which have been brought into his country by South African

MULTI-MILLIONAIRES,

wealthy Americans, Australians, and Germans, etc., a considerable part of which would be withdrawn in time of war. These imported incomes cannot be regarded as a sign of permanent wealth to this country, or as indicating that these incomes are in any way connected with the commercial prosperity of this nation or its citizens.

The percentage of the increase of incomes taxed in 1902 compared to the incomes taxed in 1891 was about equal to the percentage of the increase of the population in the same period.

Increased percentages of income taxed, 1891 to 1901, was 11 per cent.

Increased percentages of population, 1891 to 1901, was 10 per cent.

Now compare the percentage of the increase of Prussian incomes—a protected country—in the same period, and we find it amounted to an increase of 47 per cent. for Prussia as against 11 per cent. for England.

Foreign Investment.

Taking the profit and interest arising from investments in Indian and Colonial Government stock securities and railways, coupons and foreign railways, and other colonial securities, from 1892 to 1901, an even more serious decline is seen.

The profits assessed to the income tax rose from £54,728,770 in 1891-92 to £60,331,525 in 1900-01, or an increase of £5,397,245. These figures are, however, illusory, as is pointed out on p. 102 of the Board of Trade 'Memoranda and Statistics, 1903.' The increase is apparent only, being due to greater stringency on the part of the Inland Revenue, and also, as I have shown, 'these figures *include* between £6,000,000 and £7,000,000 in *recent* years exempted from the tax as belonging to foreigners resident abroad.' If by recent years the writer of the memorandum means the last five or six years, then the *fall* in the incomes* received by the inhabitants of the United Kingdom varies from 6¼ millions in 1895-96 to nearly a million in 1900-01, *notwithstanding* the additional incomes taxed, owing to the greater stringency of the Inland Revenue collector.

* That is, the incomes which are thus assessed.

FALLING OFF OF £30,100,000.

Regarding the rate of fresh investment abroad, a serious falling off is also noticed.

Dividing the ten years, commencing with 1892 and ending with 1901, into quinquennial periods, the first period shows, according to *Economist's* 'Commercial History for 1902,' that 242·3 million pounds were so invested, while in the latter period of this decade only £212,000,000 were so invested—a falling off of 30·1 million pounds in the capital we, as a nation, invested abroad.

SALE TO AMERICA.

Now, it is certain that during these last five years very large sales of our best securities were made to foreign investors. Sir A. Bateman admits the sale to America of American railway and *other* securities by the United Kingdom, as well as their important *investments* in England, and therefore, even had the country been holding its own, the reinvestments of a very considerable portion of the capital thus obtained by the sale of our securities would have taken place. Instead of which this very considerable falling off of £30,000,000 in the last five years—1896-1901—is apparent from the data supplied by the *Economist* as regards our investments.

It must be remembered that the income tax tells us nothing of incomes below £160, nothing of the condition of the working classes, and nothing as to the prosperity or otherwise of the great majority of our people. It is evident, therefore, that until a *proper* and *searching* analysis is made of the sources from which the income tax is derived, the increased amount of the incomes recorded can neither be regarded as an *increased* sign of national wealth, nor even that the increased returns represent *as much* wealth to the moneyed class of Britishers as existed *ten* years ago.

From these arguments it is clear that the advocates of so-called Free Trade must have indeed a weak case when they attempt to claim the present English income tax returns as indicating the increased prosperity of the country under the so-called Free Trade.

POST-OFFICE SAVINGS BANK.

3. The so-called Free Traders' next argument is that the Post-Office Savings Bank returns have increased 100 per cent. in the last ten years. That this is so I admit with great pleasure. The Government have offered facilities and advantages to the masses which were not dreamt of some years ago.

A certain class of people always saved money. They and others are now being taught the advantages and securities to themselves of the Post-Office Savings Bank; but in spite of this increase, I am sorry to say these deposits are a very long way from showing any marked signs of wealth as regards our working classes. In fact, when we come to look at the deposits per head of ten other countries, we find that our people deposit less per head of population than any of the number.*

Country.	Per Head.		
	£	s.	d.
Denmark (*Protected*)	15	11	6¼
Switzerland (*Protected*)	13	0	2¾
Germany (*Protected*), the hell of workmen, according to Mr. John Morley ...	7	10	6¾
Norway (*Protected*)	7	8	7½
Australia (*Protected*)	7	6	4
Belgium (*Protected*)	6	7	0½

* The calculation was made by the eminent statistician, M. Fatio, in the Swiss *Journal of Statistics*. It is based on the returns of the year 1900.

Country.	Per Head. £	s.	d.
United States (*Protected*)	6	4	10½
Austria-Hungary (*Protected*)	5	8	3¾
Sweden (*Protected*)	5	1	5¼
France (*Protected*)	4	8	8½
Great Britain (*so-called Free Trade*) ...	4	2	5¾

Thus we see that, pleasing as is the increase of deposits in our savings banks, they are not a sign of increased wealth to the working classes, but are probably due to the greater facilities given to the depositors. On the other hand, as compared with other nations, we are compelled to acknowledge, if we take the savings-bank figures as a criterion, that we are poorer than any of the countries I have just mentioned. That argument, therefore, of the so-called Free Trader recoils on himself. Here is

LORD STANLEY'S EVIDENCE, NOVEMBER 26, 1903:

'An idea of the *so-called* prosperity of the country was provided by the fact that every single investment in the Post-Office Savings Bank was smaller than it had been, every withdrawal larger.'

PAST PROSPERITY.

4. Another argument is that England owes her past prosperity to Free Trade. Apart from the fact that she never had it, I maintain that a greater fallacy was never advanced.* England at the time Free Trade was adopted was the leading manufacturer of the world, and nothing could have kept her back. The wonderful development of her industries, caused by mechanical inventions, the improvement in her machinery, the impetus which steam and electricity gave to her already great lead, the enor-

* It is, after all, a retrospective argument, and no defence to the present condition of affairs.

mous wealth of gold she acquired from the Australian and Californian gold-fields, the wealth she acquired from India, the rapid growth of her colonial Empire, were all factors in her favour.

The American Civil War; the continental wars between Germany and Denmark, Austria and France; the civil wars of Italy, and her constant trouble with France and Austria; the French wars and Revolution; the Turco-Russian wars, etc., paralyzed the trade of these countries, and tended to give England the trade and the wealth of the world. It would have been marvellous indeed had she not, under any fiscal policy whatever, become what she was between 1870-1880—the richest country in the world. But to claim the advance of England, under the circumstances mentioned between 1846 and 1890, as being due to Free Trade is as absurd as it is untrue; as well might one claim the victory of the *Reliance* over the *Shamrock*, the other day, as being due to the fact that the American boat flew a different-coloured flag to the English boat. It is true that we had our Indian Mutiny, our Crimean and Abyssinian wars, etc.; but the field of their operations was a long distance from England, and did not *interfere* with our trade—in fact, they increased it considerably.

Again, the Free Traders claim that our carrying trade is greater than ever, forgetting that this is being wrested from us; that shipping does not pay; that shipping companies return but small interests on the capital invested; that the

GERMANS ARE RAPIDLY OUSTING US AND OUR SHIPS.

A few years ago the bulk of the carrying trade was in British hands. Last year all the British ships together

only carried 92,000 steerage passengers to New York as against over 110,000 by one German line alone, the North German Lloyd, and just on 100,000 by another German line, the Hamburg-American.

Each year shows an amazing growth in foreign shipping. For instance, the North German Lloyd took from Northern Europe (excluding its Mediterranean service) to New York 64,698 passengers in 1900, 76,804 in 1901, and 81,074 in 1902.

The British line which comes out best in comparison is the White Star. It took 29,370 passengers in 1900, 30,483 in 1901, and 40,225 last year, thus carrying to New York 122,500 passengers less in three years than the North German Lloyd.

I shall deal with our decline in the carrying trade later on.

These, as far as I can gather, constitute what I may call the material weight of the so-called Free Trader's argument.

Theoretical questions and propositions, such as those so ably answered by Mr. Balfour, are best solved by reading his recent book, 'Economic Notes on Insular Free Trade.'

CHAPTER V

THE DIFFERENCE BETWEEN A SOUND AND UNSOUND FISCAL POLICY

IT will render my argument easier if I may be permitted to re-use a simile I employed in my brochure, 'The Empire's Salvation,' which will compare the business of a tradesman with the business of the country.

A tradesman who can afford to do so takes a shop, for which he pays a certain rent; he pays for its upkeep, and he also pays certain taxes and rates in connection with the premises. This shop then becomes his; he claims the use of his shop-window, his roof, his counter, and his room, shelves, cellars, etc., and should therefore be allowed to take every advantage he fairly can in pushing and advancing his business in this shop, because he has paid for his right to do so. Would it not be monstrous and incredible if any stranger was permitted, by law, to enter at will into the tradesman's shop, enjoy the protection of his roof, his counter, his rooms, etc., and display his (the stranger's) own goods in the rent-payer's window, and, in addition, adopt every method, fair and crooked, of underselling the owner of the shop?

This he could of course do, if he paid no rates, taxes, or rents, and had the use of the shop, etc., free. This stranger, you must remember, has a shop of his own in a neighbouring town, but that market there is not large enough for him, and his surplus stock in his own shop is going to waste and spoiling; so this surplus stock he brings into our tradesman's shop, dumps it down in the

window, undersells and crowds out the tradesman's goods.

But the latter says to himself, 'What is good for the goose is good for the gander, and I shall therefore send my crowded-out stock into the neighbouring town.' This he does, and tries to enter the stranger's own shop in order to sell his goods there; but he finds the laws in this town protect its tradesmen, and that if he wants to use the shop of the stranger, he has to pay so heavily for the privilege that selling his own goods in the stranger's shop at a profit is impossible. His attempt to sell his crowded-out stock is prevented in other towns; he has not room for it in his own, and his only remedy is to curtail his business, or to give up his trade, leave his shop, and go to the neighbouring town and become a citizen there, as he is in the latter case certain of being protected. The only other escape he has is to force on his own town an alteration of its laws, so that he may be protected in the use of the shop he pays for as against the stranger.

If the foregoing state of things were permitted by law, the

RUIN OF THE TRADESMAN,

unless he obtained an alteration of the laws, would soon be assured; no other citizen of his town would be willing to invest capital in renting, paying taxes, and stocking his shop, etc., under such conditions, and the business of the shop would be left to the stranger, who would still continue to pay nothing. How monstrous such a state of affairs would be! But it is exactly that which we, as a nation, are doing. Monstrous as it seemed when discussing the poor tradesman's difficulties with his foreign trade rival, it is infinitely worse

for us, as a nation, to admit the foreigner and his goods untaxed and unfettered to share the privileges of our markets, for the upkeep of which we, as a nation, pay so heavily.

We have to pay water rates, poor rates, education rates, income tax, etc., to keep up the Army, Navy, Church, police, paupers, and Postal Department, etc., and for the general upkeep of the British Empire. Thus, paying as we do heavily for our market, we should have the sole right of keeping it to ourselves and our rate-paying fellow-countrymen, and of taking advantage of the facilities which it offers to us. We should have

THE RIGHT TO THE HOME MARKETS

as well as to the markets of our colonies and our possessions. This latter advantage the colonies are willing to give us if some fair reciprocal arrangements be made. If they give us the right to use their markets we must give them the right to use ours, and as their productions are what we require, and *vice versâ*, this will only be an advantage to both. We have in the past financed them; we have protected them, and are ready to do so again. We have mutually spent our blood in the cause of the Empire, and we should have a privileged right to the use of our mutual markets, to the exclusion of our foreign rivals.

The foreigners, however, are able at present to dump down their surplus stock in our markets, to undersell

OUR HEAVILY TAXED MANUFACTURERS,

etc., and thus to crowd our goods out of our own country, they, in return, tax British goods so heavily that any

attempt to sell our goods in their markets cannot possibly be done at a profit to ourselves; we are undersold in British markets, taxed heavily in foreign markets, and are generally doing bad business all round. The inevitable result is that our producers are financially unable to compete with the foreigners. Factories are shut up, industries are dying out, workmen are unemployed, and the nation daily loses trade, daily sells less and buys more, until, like the tradesman mentioned above, we shall have to put up our shutters and become bankrupt, or, of course, as an alternative, decisively alter such an iniquitous state of affairs.

THIS ALTERNATIVE IS NOW BEFORE YOU:

Imperial Reciprocity, and Protection against foreigners; consider it well. Our trade with our dependencies is increasing, but not increasing with them with such rapid strides as is the trade of our foreign rivals, and the danger is that they, our dependencies, may have such tempting offers made to them by foreigners that they *may* shut us out of their markets. This is the danger. Guard against it by reciprocity with them, and *do not lose time.*

There is also another

DANGER

looming ahead, and that is the possibility of our being drawn into this Korean difficulty. If we are, our watchful friend Germany is not likely to forego any advantage she may be able to take, and I fear that our awakening will then have been *too late.*

PROFITS MUST BE MADE.

The shopkeeper expects to make a profit, or else he will lose money on the capital which he has to pay for his

shop and his stock, and unless his sales exceed his expenditure, *he is losing ground.* In the same way, unless our nation is selling or exporting financially more than she is buying or importing, *she, too, is losing ground.*

If this loss is daily increasing, either to the shopkeeper or to the nation, no matter what reserve of wealth may be behind either, the certain result is bankruptcy; in any case it is very bad business. Now, we will suppose the shopkeeper has had an income of £200 per year left him, and that his yearly loss is £100; for the sake of this argument we will assume that this loss is not increasing, but is a loss of a solid £100 per annum. Would he not say to himself, "This is

BAD BUSINESS!

I had far better shut up my shop, discharge my assistants, and live on my £200 income, for, by keeping on my business, I have only £100 to live on, and all the worry, care, and anxiety of the business to attend to"? He would certainly be right in his reasoning, and he would shut up his shop and discharge his employés (this is precisely what many of our manufacturers, shopkeepers, etc., have been obliged to do), and retire on his £200 a year.

Now, how is it with England? At the very least, we are losing *every year* £140,000,000 on our external trade, and, alas! this loss is rapidly increasing. The value of the excess of the goods we buy, over those goods we produce or manufacture and sell, came, as I shall prove later on, to a loss of £3 13s. 7¾d. per head in 1901.

The above simile will illustrate, I hope, pretty clearly the bad results of our so-called Free Trade, and I shall

now give you facts showing that we, who are following Mr. Chamberlain, are not merely pessimists and alarmists, but are prepared with Board of Trade returns to prove the truth of our contentions. And what more important analysis could be considered than those of imports and exports?

Before turning to this analysis, it should not be forgotten that there must always be one country where climatic, labour, and local advantages permit of at least one or two commodities being produced at the smallest cost; but no country possesses the advantage of producing every single commodity at a cheaper rate than the rest of the world. It must follow, therefore, that if a country desires to advantageously produce certain commodities (which can, perhaps, be more economically made or grown in other lands) every encouragement must be given to the home industries producing them. No encouragement has been found so efficacious or so productive of good results as Protection—that is, the prevention of the untaxed invasion of cheaply-produced foreign products into the home markets of a struggling industry.

CHAPTER VI

OUR EXPORTS AND IMPORTS, AND THEIR PROFIT OR LOSS TO THE UNITED KINGDOM

IT must be remembered that the tendency of the whole world is to balance its imports by its exports.

According to the Board of Trade's 'Memoranda and Statistical Tables' for 1903, on p. 100, the aggregate value of the imports and exports of all the principal countries of the world show an excess of imports over exports (see Table A, p. 45)—

In 1891 as being £249,000,000, an excess of 13·5 per cent.
In 1901 as being £224,000,000, an excess of 9·7 per cent.,

being a *decrease* in that time of 3·8 per cent. in the excess of the world's imports over exports.

The excess in value, however, of the British imports over the exports, for the same years, show a very considerable *increase*.

In 1891	the excess was	£126,000,000.
In 1896	,,	139,000,000.
In 1901	,,	184,000,000.

Comparing these figures with the total aggregate excess of imports and exports for the whole world as given above, we find that the rest of the principal countries of the world have reduced the excess of the value of their imports

over exports from £123,000,000 in 1891 to £44,000,000 in 1901.

So that while England has increased her excess of imports over exports from 39 per cent. in 1891 to 52 per cent. in 1901, the rest of the world has decreased its excess from 8 per cent. in 1891 to 2·2 per cent. in 1901.

Now, these figures have a very serious significance if the contention of all political economists is sound, that 'exports should balance or pay for imports.' The so-called Free Traders claim that they are doing so; were these claims true, then the tendency of the United Kingdom would be to equalize one with the other, as I have just shown that the rest of the world is doing, *instead of the reverse.*

The Board of Trade Figures

however, prove that, while the rest of the world is approaching a sound commercial standing, and equalizing imports by exports, England under so-called Free Trade is yearly becoming more and more incapable of doing so; and therefore it behoves everyone to examine very carefully the arguments which are advanced by the advocates of so-called Free Trade, in order to vindicate their contention, that our commercial and financial position is not only a sound one, but a prosperous one.

It is certain that this nation is

Losing Money

every year, in that she does not export commodities of an equal gross value to those she imports.

Now, a man may be losing money in one concern and yet may make good his losses through profits made in another concern. No one would say for a moment that

we fail to pay for our imports. The question is, How is this done? Is it done legitimately by making our exported material, and services rendered, pay for our imported material? This question must be answered in the negative. The differences in the value of exports and imports between 1893 to 1902, according to the Board of Trade accounts quoted by Sir Alfred Bateman, has been at the rate of £161,000,000 a year, rising from £132,000,000 in 1893 to £184,000,000 in 1902, an annually increasing difference of over £5,000,000.

FREIGHT INTERESTS AND SECURITIES.

It becomes necessary, therefore, to discover what proportion of our earning in freight, in interest, and in the sale of our securities, goes to supply the deficit created by this excess of our imports over our exports.

Commercially speaking, if we were doing a fair trade, one should pay for the other. If we were doing a prosperous trade, we should be selling more than we buy, as we are doing with Australia, and as America is doing with other nations of the earth. America made a profit last year (1902) by selling £100,000,000 more than she bought.* We are neither making profits nor holding our own, and therefore we have to pay, from other sources of income, the annual deficit or loss between our exports and imports. That we are able to do this is due to our exceeding good fortune in amassing wealth in the past, and it is from the investments of this wealth in shipping and in foreign securities that we are able to pay the greater part of this deficit at present.

* Both her imports and exports being valued at their f.o.b. price at the port of shipment, any freight her vessels earn in transporting these must be taken as invisible exports to be added to the £100,000,000 profit she makes on her external trade.

Evidence of Solvency.

Now, it is entirely erroneous, when considering the profit and loss connected with our import and export trade, to bring in as a credit on our export side profit made in totally different commercial transactions. It is true that such profits may be used to pay our losses, but such payments must be regarded merely as evidence of our solvency, and not as proving that our exports are paying for our imports, or that the balance between the two is in a satisfactory financial condition, so far as the trade of the United Kingdom is concerned. The speeches and propaganda of the so-called Free Traders, however, assert that this contention is wrong. Mr. Asquith's speech, on October 24, at Newcastle, may be fairly taken as an example of such claims, because it shows that, either through ignorance or guile, the endeavour is being made to lure the public into a belief that the payment of the difference between the two, by ourselves, is evidence that the financial balance of exports and imports is eminently satisfactory. Listen to Mr. Asquith: 'Our imports were sent in payment of goods supplied, services rendered, and interest due; every halfpenny of this (import) value was payment for something which British workmen had expended their industry on.' The political profligacy of such a statement is astounding. The Board of Trade Blue-Books, 1903, show that the value of our imports are over £540,000,000, while the total labour of the British working classes which is concerned with production of commodities for export (including the making and repairing of the machinery for their production—building—their transport to the ports) is rather more than £130,000,000.

If we lent a nation money on the understanding that any deficiency in our trade with that nation should

be paid by the interest due to us from the capital thus invested, it would mean that we anticipated having an unprofitable balance against us in connection with this trade.

If we were doing a sound business with this nation—that is, selling them as much as we purchased from them—then we should receive the interest on the money we lent them. to our profit.

If we were doing a profitable business with them, then we should, in addition to this interest, receive the value of our excess of exports to them over their imports to us. We lost, however, in 1901, as I shall show, over £139,000,000 in our export and import trade, and we had to pay this deficit from our other earnings, or, to use a phrase of Mr. Asquith's, from 'services rendered and interests due'; but Mr. Asquith definitely claims that this excess value of our imports over exports is 'sent in payment of services rendered and interests due.'

ASQUITH'S CLAIMS ARE ABSURD.

The imports are sent because they are wanted, and they should be paid for by our exports, plus the freight earned in the carriage of both in our own bottoms, instead of which there is a serious deficit between the two after exports and freights are reckoned, which is paid for by our other earnings, our income from abroad, and the sale of our securities, etc. None of these other sources of income are dependent on our export and import trade. Our losses have not only been increasing at the yearly rate of £5,000,000 for many years, but are now being augmented by a falling off in that portion of our carrying trade in which profits earned may be legitimately considered as having reduced the yearly

excess of imports and exports in 1901, from £180,000,000 to £139,000,000.

The following balance-sheet as to our imports and exports trade is, however, one which is practically presented to every audience addressed by the so-called Free Traders, and is advanced by them to disprove the assertions of Mr. Chamberlain and his followers, as to the loss which the United Kingdom is yearly making in her export and import trade:

THE UNITED KINGDOM'S BALANCE-SHEET OF EXPORTS AND IMPORTS.

PROFIT AND LOSS ACCOUNT FOR TWELVE MONTHS ENDING DECEMBER 31, 1901.

Debit.	£	*Credit.*	£
Imports (goods bought)	522,000,000	Exports (goods supplied)	348,000,000
By Bullion ...	6,000,000	By services rendered	90,000,000
		By interest due ...	90,000,000
	528,000,000		528,000,000

The statements which are thus condensed in this balance-sheet, seek to prove that England is *legitimately* paying for the goods she buys from abroad, by money received from external sources, and thus is making no loss in her foreign trade.

It does not claim that she makes any profit; neither does it attempt to show how any falling off in this external source of revenue, whether from 'interests due' or 'services rendered,' can be made good, or inform the nation how any increase in the present excess of imports over exports is going to be liquidated in the future. It will no doubt be claimed before long by the Free Traders, that no one on their side, has ever advanced views warranting such a statement or balance-sheet. In order that no misunder-

standing can possibly occur as to the position taken up by the leaders of Free Trade on this subject, I will again quote from the most brilliant speech given on their side during the present controversy. It apparently brought Lord Rosebery off the efficiency fence on which he had mounted on leaving his lonely furrow.

Mr. Asquith, in alluding to our imports in his speech at Newcastle, October 24, 1903, said:

> 'Every halfpenny of the import value was payment for goods which British workmen had expended their industry on.
>
> 'Our imports are sent in payment of goods supplied, services rendered, and interests due.'

This speech of Mr. Asquith's was practically the first, and probably is the most important one of this campaign, in favour of Free Trade. None of the statements made have more often been repeated and quoted than the ones I have just given, and they are the

'FOUNDATION-STONE OF THE WHOLE FABRIC OF THE FREE TRADE EDIFICE,

and therefore it is necessary to show, that not only is the foundation-stone rubble of the unreliable matter, but that it is itself built on equally rotten material.

FREE TRADERS' EVIDENCE.

The balance-sheet given above does not satisfy the majority of Englishmen, and they naturally wish for some details as to the items on the credit side. They are aware that home trade is in a parlous condition, that our exports are declining, that pauperism and the unemployed are both increasing, and that, generally speaking, everyone seems hard-up. They think that some scrutiny should

be made as to the items marked 'services rendered' and 'interests due'; that some of the 'interests due' to us from foreign countries, and some at least of the money gained in 'services rendered,' should have been spent in the United Kingdom instead of being paid abroad for foreign goods, etc. When they ask the Free Traders for some explanation as to these items, they are universally referred to the Memorandum on p. 99 of the Board of Trade 'Memoranda and Statistics of British and Foreign Trade' for 1903, which, they are told, 'not only goes exhaustively into this question, but justifies the statements made by Mr. Asquith at Newcastle,' etc.

As the Blue-Book in question is not obtainable by 999 out of every 1,000, and as it absolutely fails to satisfy the one who does obtain it, I have in the following pages endeavoured to analyze the statements of the authority they quote, and after doing so, present to my readers two balance-sheets for their consideration. I will first, however, deal with the former of Mr. Asquith's two statements just quoted, as to 'every halfpenny,' etc.

This glib mention of 'every halfpenny,' etc., in Mr. Asquith's speech, is an appeal to the gallery, and it is misleading. The item of 'interest due' mentioned by him is enough to condemn the halfpenny claim. What this sentence is intended to convey is, that every halfpenny of our imports is paid for by the result obtained from the trade industries of British workmen; but he has just mentioned that imports are in part paid by 'interests due': due from what? Does he mean the interest due on money earned and invested by British workmen? If he means such interest, does it make the loss any less between our exports and imports? Would it not be better business that this money should be absorbed in paying for home-made goods in England, and in the encouragement

of the industries in which the money has been earned, instead of being lost to the country in paying for foreign manufactures? Or does it show, that because this loss is paid through such interest, that the trade between exports and imports is in a satisfactory financial condition, which fact Mr. Asquith was endeavouring to establish? But apart from this, is Mr. Asquith serious in stating that every appreciable part of the money invested abroad is due to something the British workman has 'expended his industry on'?

TAKE THIS CASE.

A German whom I know, who went out to South Africa in 1878, eventually settled in Johannesburg, and, through speculation, amassed a large fortune. He naturalized as an Englishman, and settled in England. He has investments of nearly £8,000,000 abroad in railways, foreign Government securities, etc., from which he receives interest to the amount of £400,000. This interest is assessed and included as 'interests due' by Sir A. Bateman (see p. 104, Memoranda, etc.). On this sum he pays his yearly income tax, and the balance of the interest is indirectly used as part of the 'interest due' claimed by Mr. Asquith to pay the loss between exports and imports. Now, how can Mr. Asquith honestly say that the interest earned by this gentleman, or even one halfpenny of it, is due to something the British workman has expended his industry on?

Even if the British workman did expend his industry in obtaining big investments abroad, what a shame it is that the *revenue* from these investments should be sent abroad again to pay for foreign goods, when these goods could be much more profitably made in England!

CHAPTER VII

PROFIT AND LOSS ACCOUNT OF OUR TRADE IN IMPORTS AND EXPORTS FROM THE AUTHOR'S AS WELL AS FROM SIR ALFRED BATEMAN'S ESTIMATES

In most matters connected with the above we have to rely on the statistics presented to us by the Board of Trade in the form of Blue-Books, and the following explanation may be useful to my readers:

The value of our exports is estimated when leaving port.

The value of our imports is estimated when landed, and includes the freight, which has been earned in bringing them to the United Kingdom, and the insurance.

Value of Our Exports to Us.

In order to get the full value which the exports are to England, we must add to their price f.o.b. the freight of any proportion which our ships carry, less about 10 per cent. for foreign expenses—that is, for that part of the freight received which is spent abroad—and in order to obtain the

Cost of Our Imports to Us

we must deduct from their estimated value the freight our ships earn in bringing any proportion here, less that amount of the freight they have to spend abroad—viz., about 10 per cent.

The excess value of our imports over exports, as estimated at our ports in 1901, was £180,000,000; the freight earned has therefore to be deducted from this excess.

I have in another place calculated the amount of freight earned in 1901 as profiting England by £40,603,410, and thus reducing the excess value of imports over exports to £139,396,590 in that year; this amount is a loss, and curiously enough, about equal to the manufactured and partly manufactured foreign goods imported into the United Kingdom in that year.

INSURANCE.

I have omitted calculating any profit made by the insurance of exports and imports, partly because in this respect the profits and losses tend to balance one another, partly because it is impossible to obtain any reliable statistics of how much insurance money is paid in England and abroad to English companies, and how much is paid in England and abroad to foreign insurance companies, and partly because the amount of gain to England by insurance has been omitted in most calculations, as making no appreciable difference to the total amount of the deficit between the imports and exports. There is another item which balances any profit which may be made by England, in this respect. This I have called 'Invisible Imports,' and will deal with it later on.

BLUE-BOOKS

The value of the Board of Trade Blue-Books lies in the figures, and not, of course, in the Memoranda. These latter are written by men at the head of each department, who are servants of the State; but they are only mortals, and, being such, are not infallible in the

deductions they make from the figures which have been so carefully prepared under their supervision. Each man has his own individuality, and outside his office has his own political bias.

Politics of its Civil Servants.

Our Government does not concern itself as to the politics of its civil servants, and they, in their turn, are supposed to abstain in their public life from introducing a political bias into their work. But is it possible, no matter how honest a judge may be, to avoid prejudice, or to prevent it filtering into the summing-up of a case? And if it be so with regard to a judge, can it be doubted that a civil servant, with a strong prejudice on one side or the other, may not also be influenced by prejudice, and reading in the figures before him strong evidence in support of his private political beliefs? However honest he may be, may he not fail to grasp the significance of certain other figures as contradicting those beliefs, and leave them entirely out of his tables of statistics? I notice, for instance, that, although the Blue-Books contain the consumption of food, cost of living, money wages, etc., of foreign and British workmen, they do not give the relative position of pauperism and the unemployed in different countries, either of which might tell very greatly against the supposed prosperity of England. Therefore, in his Memoranda on the statistics placed before him by his staff, a principal may suggest deductions which he imagines are warranted by certain figures, and, once having taken this view, is he likely to perceive that they may be incorrect? It must be remembered that a principal has no one equal to, or above him in his office,

capable, or willing to draw his attention to any faults he may have committed in his work, and herein lies the danger to the public; for the reader, believing not only in the absolute impartiality of the Board of Trade statistics, and confusing the present compilers of these statistics with the present Government, accepts all deductions and memoranda compiled by the former as being Gospel truths prepared by the latter.

'WESTMINSTER GAZETTE.'

Here is a 'postulate' showing how determined a stand is being made behind the Blue-Books, by the so-called Free Traders. It is given in that clever but politically mistaken paper, the *Westminster Gazette*, of December 16, 1903:

> 'Let it be granted,' says that Free Trade organ, 'that if the members or ex-members of a Government, when on the stump, deny the truthfulness of statements in an official Blue-Book *published* by themselves, *that* Government shall be unworthy of the support of the country.'

Yes, precisely, the Free Traders would like to pin the Government to the arguments of these Blue-Books.

How many artists are there who are able to detect the faults they have painted, and to which their eye has become accustomed? So it may be with the gentlemen who wrote the Memoranda with regard to the British and foreign trade and industrial condition in 1903.

CRUX OF THE WHOLE DISCUSSION.

The question of the hour turns on the state of our trade and the relative position of our exports and imports, and

the relative prosperity of the mass of the people. The crux of the whole discussion must lie in this:

Is our trade, as regards these two, in a sound position? Does this trade fulfil the axiom of economists that exports should pay for the imports? or are we, as a nation, losing heavily every year in their failure to do so, and are our working classes suffering in consequence?

To the gentlemen who wrote the Memorandum, p. 99, of the Board of Trade Blue-Book on 'British and Foreign Trade and Industrial Conditions,' it would appear that our trade is sound, and that we do fulfil the axiom of balancing imports by exports.

That we are losing every year more and more in this respect, I am convinced; of this Mr. Chamberlain is certain.

Mr. Balfour, when writing his brochure, had not made up his mind, apparently, as to the past, but certainly feared the future, and to this Sir Michael Hicks-Beach now agrees.

Mr. Asquith, Lord Rosebery, etc., like the writer of the Memoranda, are convinced to the contrary. The people of their school follow in the same beliefs, and hence follows the balance-sheet we are discussing.

The Memorandum to which reference has been made, and which is to be found on pp. 99 to 104 of the Blue-Book referred to, is written by Sir Alfred Bateman, and deals with the difference in value between the exports and the imports of the United Kingdom, etc.

FREIGHT.

The difference in the value of imports and exports for 1901 is acknowledged to be £180,000,000. £90,000,000 of this difference is accounted for thus:

TABLE H.*

To gross earnings of our shipping trade	£112,000,000
Less 9 per cent. due to the freight carried by colonial vessels	10,000,000
	£102,000,000
Less £12,000,000 for outlay abroad, etc.	12,000,000
Leaving	£90,000,000

As this £90,000,000 accounts for just 50 per cent. of the difference in value between imports and exports, it is of great importance, and we will deal with the figures and arguments advanced in the Blue-Books, which are supposed to justify this credit.

In proving this amount of freight, Sir A. Bateman gives the following table of the aggregate imports and exports of the world.

I have called this for reference Table A.

TABLE A.

Year.	Imports	Exports	Excess of Imports
	£	£	£
1891	2,099,000,000	1,850,000,000	249,000,000
1901	2,516,000,000	2,292,000,000	224,000,000

It is claimed in the Memorandum that, as the imports and exports of the whole world are, *for the most part*, the same goods valued at the point of arrival and departure

* I have called this Table H. It is taken from the above-mentioned Memorandum.

respectively, the excess value of imports is due to the freight paid to shipping.

The following table is then given, showing 'the proportion of this tonnage entered and cleared, with cargo, and ballast, by British vessels, as compared with the tonnage entered and cleared with cargo, and in ballast, by all the vessels of the whole world, at ports in the principal countries of the world.'

I have called this for reference Table B.

TABLE B.

Year.	All Vessels.	British Vessels.	Proportion of British Vessels.
	Tons.	Tons.	Per Cent.
1891	373,359,000	213,750,000	57
1901	544,114,000	272,142,000	50

I may here point out the very unsatisfactory nature of the table, as leaving in doubt the relative proportion of the vessels with *cargo*, and in *ballast*, respectively apportioned to the British and the rest of the world's shipping, also as not defining how much cargo was really carried.

Now, the deductions drawn in the Blue-Book from these two tables are, that in the latter year (1901) British ships *carried* exactly half the tonnage of the world. Therefore, as the difference between the value of imports and exports given in Table A for 1901 is £224,000,000, and this is claimed as being due to the money paid in freight, British ships must, as a consequence of carrying 50 per cent. of this freight of £224,000,000, have earned £112,000,000.

This sum is reduced by £22,000,000, as shown in Table H, leaving a balance to the credit of the United Kingdom, from the earnings of her vessels in carrying

home exports as well as foreign imports, of about £90.000,000.

NOT WARRANTED.

I regard the sum thus set down, as earned by our ships in carrying the exports and imports of the world, as excessive, and not warranted by the figures given in the Blue-Books.

Another table is given on p. 101, showing the tonnage of *foreign*-going vessels owned by the United Kingdom in 1901, and their earnings as computed by Sir Robert Giffen; this is used by Sir Alfred Bateman as corroborating his own calculations.

I have called this for reference Table C.

TABLE C.

Ships	Tons	Estimated Gross Earning per Ton	Total.
		£	£
Steam...	6,954,000	12	83,458,000
Sailing...	1,469,000	4	5,876,000
			89,334,000

As the Memorandum naively says, 'these estimates have

NOT ESCAPED CRITICISM,'

and I can well understand this fact. I do not think the gross earnings of steamboats, can be estimated at the outside, as more than £7 10s. per registered ton, so far as *cargo* is concerned: this would produce £52,155,000; sailing ships earn about £3 per registered ton, which would produce £4,407,000, and therefore at the most only £56,562,000 can, in my opinion, be claimed as a credit to England in our foreign trade.

One authority (the chairman of a well-known line of

steamers) placed his estimate of the freight earned by steamships per annum as

£5 PER REGISTERED TON.

The bulk of our shipping is employed in carrying our own exports and imports, and in this respect England profits by about £40,600,000, as will be shown later on. This sum may be taken as partly increasing the value of our exports, and as partly accounting for some portion of the cost at which we calculate our imports, but the balance, £16,042,000 (of the £56,642,000, which is the freight-earning of our ships in the foreign trade), cannot be taken as having any relation with our imports and exports, and I do not consider that it can be brought into this account in any legitimate way.

ABSURDITY OF THE CONTENTION.

Thus it must be recognised that this figure of £90,000,000, to which the Free Traders refer as 'an official statement as to the earnings of our ships,' balancing 50 per cent. of our deficit between imports and exports, is by no means founded on a secure foundation.

INTEREST DUE.

Now, as to the 'interest due,' by which they account for the other half of the deficit.

The total amount of the interest from abroad, which the Inland Revenue officers could lay their hands on in 1901, according to the Blue-Book formerly mentioned, is £60,000,000, from which a sum of £6,500,000 must be deducted, according to the note on exemption by Sir Alfred Bateman, p. 104, of the Memorandum, leaving £53,500,000 of 'interests due' from abroad.

It is stated by him that

THERE MAY BE ANOTHER £30,000,000

of interests coming to England from private loans and investments abroad, but no attempt is made to give details of this sum.

There is, however, a *set-off*, which must be deducted from this assumed £30,000,000, and that is, the interest we pay foreigners for *their* investments, etc., in *this* country, which is alluded to in the Memorandum in the following terms:

INVESTMENTS OF FOREIGNERS.

'There are no official figures with regard to the investments of foreigners in this country. America is the only foreign country, *so far as is known* (?), which has made important investments in the United Kingdom in recent years,* and the outflow of American capital, both for this purpose and for the repurchase of *American railways*, and other securities *formerly* held in this country, has *doubtless affected the balance*,' etc.

We are left in doubt if this balance is greater in the unenumerated and unrecorded income, due to our 'further private investments,' than in the investments and repurchases by foreign nations.

ALL WE ARE TOLD IS, THAT IN 1901,

'Whatever the actual total may be, it is evident that, when added to the £90,000,000 (which amount, as we have shown, is highly problematical) earned by our carrying trade, it is sufficient, and more than sufficient, to account for the *average* excess of imports over exports, which between 1892 and 1901 amounted to £160,000,000.'

* See Appendix I. and p. 220.

£20,000,000 DEFICIT.

The statistics, to which we have been referred by the Free Traders, deal with the freight earned by our ships, and the interest coming to us, from our foreign investments in 1901, but they together are only able to account for the *average* loss of these ten years—that is, of £160,000,000. But mark this—the excess of imports over exports in the year 1901 was £180,000,000, and not £160,000,000, and therefore Sir A. Bateman has still to account for £20,000,000, even assuming that he is correct in his calculations.

I must, however, decline to accept the Blue-Book statements, either as regards the freight earned, or interests due, although one, of the appended balance-sheets which I give, is calculated on the assumption that they are correct.

The only item I can find, as I have already stated, which satisfactorily goes to balance the deficit between imports and exports, is a sum of £40,603,410 earned by our shipping in connection with the export and import trade of the United Kingdom, and which, if deducted from the deficit, will leave a debit balance against the United Kingdom for 1901 of about £139,396,590. Herewith are the two balance-sheets—first, the balance-sheet as I calculate it; and, second, the one obtained from the statement in the Blue-Book above mentioned. I wish to again draw attention to the discrepancy of £20,000,000 contained in the latter, and at the same time emphatically state that I disagree with the items; for although they are given in the Blue-Book, they should not legitimately be included in the account.

BALANCE SHEET UNITED KINGDOM'S EXPORT AND IMPORT TRADE FOR 1901, AS CALCULATED BY THE AUTHOR

Debit.		£	*Credit*	£
To Imports	...	522,000,000	By Exports ..	348,000,000
„ Bullion		6,000,000	„ Freight earned in carrying exports and imports ...	40,603,410
				388,603,410
			„ Balance carried down... ...	139,396,590
		528,000,000		528,000,000
„ Loss on trading brought down		139,396,590*		

BALANCE SHEET UNITED KINGDOM'S EXPORT AND IMPORT TRADE FOR 1901, AS TAKEN FROM THE BLUE BOOKS OF THE BOARD OF TRADE

Debit		£	*Credit.*	£	£
To Imports		522,000,000	By Exports	348,000,000	
„ Bullion	...	6,000,000	„ Freight	90,000,000	
			„ Interest due	70,000,000	
					508,000,000
			„ Balance unaccounted for†	.	20,000,000
		528,000,000			528,000,000

* This loss is paid partly by profits which we make in business having no connection with exports or imports, and partly by the sale of our securities, which profits would otherwise be spent in England, and which securities would otherwise be retained here.

† Sir Alfred Bateman makes no suggestion as to how, this deficit of £20,000,000 is paid.

CHAPTER VIII

ANALYSIS OF THE METHODS ADOPTED BY SIR A BATEMAN IN CALCULATING THE VALUE OF 'SERVICES RENDERED'

I SHALL devote the following chapter to an analysis of the methods employed by Sir Alfred Bateman in his Memorandum in calculating the freight earned, and the tonnage carried by our ships in 1901.

This writer claims, that the difference between the value of the imports, and the exports, of the principal countries of the whole world, gives the cost of ocean carriage (*i.e.*, freight), insurance, and all other charges (see p. 100 of 'Memoranda and Statistics of British and Foreign Trade,' etc., for 1903).

If it were possible to give the total imports and exports of the whole world, perhaps such an assumption might be justified. Unfortunately, Sir Alfred Bateman's figures do not include the whole of the world, but only the principal countries of the world, and hence his estimates cannot be satisfactory, however much the orators and the papers of the Free Traders may quote him.

He takes the year 1901, and gives the total imports and exports of the principal countries of the world as follows (see Table A): **1901**: Imports, £2,516,000,000; exports, £2,292,000,000, the difference between these being £224,000,000. This difference, he claims, is the freight paid for carrying the exports.

He then argues, that because, half the tonnage of shipping in that year *entered* and *cleared* at the *ports* of

the *principal countries* (in *cargo* and *ballast*) belonged to England; that we carried half the tonnage of the world and earned half the freight, or £112,000,000 (see Table B.).

Calculating the Tonnage

It would be impossible, indeed, to produce a more unsatisfactory method of calculating the tonnage of the cargo carried by our ships than these statistics.

The registered tonnage of a vessel calling at any port is twice recorded—once as entered and once as cleared. It does not matter whether she be in cargo or ballast, whether she unloads cargo or whether she loads cargo; as her registered tonnage in both cases goes to swell the total tonnage of ships entered and cleared at that port.

Our Main Lines of Steamers,

as well as our foreign trading boats, call at far more ports than do our foreign competitors, because our routes are longer, because we are the principal mail-carriers of the world, and because, as far as the first and second saloon are concerned, the principal passenger carriers of the world; for this reason our ships would be more frequently entered and cleared at different ports than are the boats of foreign countries. Therefore, however little cargo we carried in our hold on the voyage, or however little cargo, if any, we loaded or discharged at any of the ports of call during a voyage, the registered tonnage of our vessels would be twice recorded at each different port, and this record would therefore be no indication of the tonnage of cargo we actually carried.

Taking a mail boat to India of 8,000 tons register and having 4,000 tons of cargo on board for Calcutta:

	Tons.
She leaves London and is cleared out at ...	8,000
If she calls at	
Southampton she is entered and cleared at ...	16,000
Gibraltar ,, ,, ,, ...	16,000
Brindisi ,, ,, ,, ...	16,000
Ceylon ,, ,, ,, ...	16,000
Madras ,, ,, ,, ...	16,000
Entered at Calcutta, at which port she discharges her cargo	8,000
Total entered and cleared as due to this one voyage being	96,000

Whereas she has really only carried during the whole voyage 4,000 tons.

GREAT DIFFERENCE.

Taking a particular case, say Southampton. There was in 1901 a total tonnage of 3,225,000 tons entered and cleared in cargo and ballast* at that port. There were, however, only 345,866 tons (weight and measurement) loaded and 430,054 tons (weight and measurement) discharged in that port altogether, exclusive of 52,670 tons which were transhipped and re-exported abroad. Thus, while 3,225,000 tons were entered and cleared, only 775,920 tons were actually loaded or discharged there.

Taking the coasting trade of England, there was, according to the statistical abstract for the United Kingdom, 1903, 104,000,000 tons of shipping *entered and cleared* at the different ports in *cargo and ballast* in 1901. When, however, we come to analyze these figures, we find that no less than 43,500,000 tons of this amount referred

* Of these only 228,891 tons were in ballast in the foreign trade.

to vessels in *ballast*, while as regards the balance of the tonnage, 60,500,000 tons, we are absolutely unable to say how much cargo was carried in our ships, or how much was really loaded and discharged at the different ports in our coast trade.

How very much greater is the difficulty of determining the relative quantity of cargo carried in English and foreign vessels from figures such as Sir A. Bateman supplies, or on which he bases his qualitative analysis of freight earned by our boats as being £112,000,000!

His Calculation of Freight Earned.

But allowing his *assumption* as to the tonnage carried by our vessels to pass for the moment, I will deal with the impossibility of calculating the freight from the above premises, even if the tonnage carried be correct.

Sir A. Bateman omits to state, that a very considerable quantity of exports from the 'principal countries' are sent abroad to places which could not be included as principal countries, and that therefore the necessary balancing entry of these exports, when they become imports, are wanting.

Also, that when exports are sent from these minor countries, if I may call them so, no balancing entry of their value as exports, as recorded there, are given in his totals to place against their value as imports, which latter is, however, recorded by him among the imports of the principal countries.

The only figures, therefore, included in his totals as regards these, are their value as exports and imports from and into the principal countries, while the balancing entries of these exports and imports into and from the minor countries are wanting. His method in such a case results in subtracting the value of the imports and exports as

registered in the principal countries one from the other, and putting the difference down as freight.

An Example.

I will now give an example of the absurdity of such a calculation. Take our trade to the Straits Settlements. Here we have a minor country, the value of whose exports and imports, although they are recorded there, are not included in the exports and imports of the principal countries in the table on p. 100 of the Memoranda. These tables do include, however, the value of the export of England, to that minor country, as well as the value of the imports into England, from that minor country.

The corresponding value in the Straits Settlements ports of the exports and imports of England not being given, it must be evident Sir Alfred Bateman, in this case, has only the *recorded* value in England to calculate his freight from. These records are as follows:

TRADE IN EXPORT AND IMPORT BETWEEN ENGLAND AND THE STRAITS SETTLEMENTS AS RECORDED IN ENGLAND.

Imports, 1901, into England ...	...	£6,052,730
Exports, 1901, from England...	...	2,804,516

The difference, according to the Memoranda, between these two gives as freight £3,248,214, which is absurd.

The freight earned in carrying these exports and imports can, however, be roughly calculated as follows:

We must first get the initial value of both f.o.b.*

The exports will stand as they are, but the imports, as valued in England, will include freight, which freight must, in calculating their f.o.b. value in *the port* of the *minor* country, be *deducted* from it.

* F.o.b. means the value of the cargo as placed 'free on board,' the ship carrying it to its destination—in other words, having no other charges than freight attached to it.

The imports were valued in England at £6,052,730. By taking off cost of freight at 13 per cent. on total value, their f.o.b. Straits Settlements value comes to ...	£5,587,130
The exports, British, value f.o.b. are ...	2,804,516
Total value exports and imports f.o.b. ..	£8,391,646
13 per cent. of this will give the freight earned on transport, and is	£645,510
This sum is all that could be fairly charged as freight in carrying the goods passing between the two countries, but according to the methods of the Memorandum, the freight has been reckoned at	3,248,224
Less real freight	645,510
Therefore, in this small trade alone so serious an excess freight has gone to swell Sir Alfred Bateman's £112,000,000 as ...	£2,602,714

Hence we may safely assert that there is no evidence in the figures as supplied by Sir Alfred Bateman to warrant the assumption that his estimate of either the tonnage carried by our ships or the freight earned in doing so is correct.

UNRELIABLE METHODS.

In order to again show how unreliable are the methods which are employed by Sir Alfred Bateman when assessing the amount of freight earned by our foreign-going vessels in 1901, we must for the moment assume that these methods are correct.

It follows, then, that by applying them in Tables A and B to the parallel figures in the year 1891 we should obtain correctly the freight earned in that year.

With this knowledge in hand we can, by calculating how much additional tonnage of shipping there has been em-

ployed in the foreign trade, and how much additional cargo there has been to carry, in 1901, obtain the freight which should have been earned by our ships in their foreign trade in 1901, and the results so arrived at,* should agree with those obtained by Sir Alfred Bateman, if our calculations and his methods be correct.

Now, taking these Tables A and B (which are Sir Alfred Bateman's figures) on p. 100 'Memoranda and Statistical Tables of British and Foreign Trade and Industrial Conditions,' as being correct, the excess of the world's imports over exports are shown by him to be £249,000,000 in 1891; this difference, he states, is due to the freight charged on carrying the exports, which were worth £1,850,000,000 f.o.b. Our shipping, he claims, lower down the same page, was at that time (1891) 57 per cent. of the total shipping of the world, and consequently the proportion of this freight which we should have earned in 1891 was £142,000,000.

But from his figures our shipping had increased its tonnage between 1891 and 1901 by 27·3 per cent., and therefore, if the same value of exports had been carried by the world's shipping in 1901, we should have earned, with this increased tonnage carried by our ships, no less than £181,000,000 in the latter year (that is, 27·3 per cent. more than £142,000,000).

But in the year 1901 the value of the world's exports had increased by £442,000,000, and as, according to Sir Alfred Bateman, we then carried 50 per cent. of the total tonnage of the world's exports, we should therefore in 1901 have earned, in addition to the £181,000,000 already calculated, 50 per cent. of the 'freight paid' for carrying the additional £442,000,000 worth of exports.

We will refer to the Memorandum again in order to get some clue as to what this freight amounted to.

* Less any fall in freights in the ten years.

In 1898, it will be seen that Sir Alfred Bateman reckons the freight on £1,850,000,000 of exports to be £249,000,000, or about 14 per cent. of the value of the exports; but in 1901 the freight on £2,292,000,000 was, according to him, only £224,000,000, or 10 per cent., a falling off of 4 per cent. Taking the freight of the £442,000,000 worth of increased exports in 1901 at the latter rate—that is 10 per cent. of its value—we get £44,200,000 paid as freight, of which we should have earned 50 per cent. according to Sir Alfred Bateman.

This would give £22,100,000 additional freight to be added to the £181,000,000.

The freight, £203,100,000, is, then, what we should have earned less any sum which must be deducted as due to a falling off in the price of freights.

The rise or fall of freight have the most important bearing on the prosperity of our shipping, and should have received some attention in these Memoranda. We cannot discover, however, more than one reference to this momentous question; it occurs on p. 101. He says:

> 'In view of the changes which have taken place in the last twenty years as regards *increased speed of vessels* and *decline of freight* and prices, it seems probable,' etc.

It almost appears in this his one reference to decline in freights that he is attempting to balance the decreased freight by the gain, owing to the speed at which vessels accomplish the voyage. We notice that he quotes Sir Robert Giffen in his 1898 estimates of the earnings of our ships, and does not deduct anything from these estimates in 1903 as due to falling off in the value of freights.

A serious falling off in freight values has, however, occurred.

If we allow that freight has fallen 15 per cent. all round

in the ten years, we must subtract 15 per cent of the £181,000,000 (we do not include the £22,100,000, as we have already calculated that freight at a 10 per cent. valuation of the £442,000,000).

Fifteen per cent. of £181,000,000 equals £27,150,000.

This taken from £181,000,000 gives £153,850,000, and adding £22,100,000, the freight of the increased exports of 1901, we have £175,950,000, which is, according to Sir Alfred Bateman's arguments and methods, what we should have earned in 1901.

But according to his figures, all we did earn was £112,000,000.

Here, then, is a table which will render this calculation more easily comprehended:

THE FREIGHT WE SHOULD HAVE EARNED IN 1901—CALCULATED BY TAKING SIR ALFRED BATEMAN'S METHODS, AND STARTING FROM THE BLUE-BOOK RETURNS OF 1891 AND WORKING ONWARD TO 1901.

Freight earned by our shipping in 1891	£142,000,000
Additional freight which should have been earned in 1901 due to 27·3 per cent. increase of shipping	39,000,000
	£181,000,000
Less 15 per cent. decline of freight in 1901	27,150,000
	£153,850,000
Additional freight which should have been earned in 1901 due to increased exports	22,100,000
Total freight which should have been earned in 1901	£175,950,000
Sir A. Bateman's estimate	112,000,000
Difference between the two calculations	£63,950,000

proving the unreliability of estimating the 'freight earned' by his methods.

CHAPTER IX

CALCULATION OF FREIGHT EARNED BY OUR SHIPPING IN CARRYING OUR IMPORTS AND EXPORTS DURING 1901

HAVING shown the unreliability of the methods used by Sir Alfred Bateman when calculating the freight, or 'services rendered,' I will now proceed to show to what extent the excess of £180,000,000 between our imports and exports in 1901 was reduced by the freight earned by our shipping in that year.

It is argued that the money we receive on freight for *carrying our imports*, should be deducted from the excess in the value of the imports over exports.

As freight is included in the value of imports as they enter our ports, a certain proportion of the money which our ships receive, should be taken as helping to reduce the excess value of the imports.

We must consider, then, how much money we receive as freight for carrying our own imports and exports.

AS TO IMPORTS.

To arrive at an approximately correct estimate of the freight earned it is necessary:

1. To obtain the tonnage of imports entering the United Kingdom.

2. To obtain the proportion of this tonnage carried as cargo in English bottoms.

3. To calculate the freight per ton received by our vessels in carrying this proportion of the imports.

The tonnage of exports and imports entering and leaving England are not given in the Blue-Books published by the Board of Trade. They have, however, been compiled year after year by Mr. John Williamson, late President of the Chamber of Shipping, and have been submitted by Mr. Williamson every year since 1879 to that Chamber.

After an examination of these striking figures, one is surprised that so important a statistic has been so religiously omitted from the Blue-Books.

Tonnage of the Exports and Imports.

For the benefit of my readers, I will give the tonnage of the exports and imports leaving and entering England since 1890. These figures are taken from a letter by Mr. J. Williamson to the *Times* of August 21, 1903:

Year.	Exports.	Imports.	Total
	Tons.	Tons.	Tons.
1890	47,070,170	29,792,578	76,862,748
1891	47,450,724	28,260,578	75,711,302
1892	46,248,555	30,777,022	77,025,577
1893	44,171,702	30,127,122	74,298,824
1894	49,371,961	33,285,596	82,657,557
1895	49,892,118	33,260,904	83,153,022
1896	52,193,360	35,560,352	87,753,712
1897	55,675,023	36,802,119	92,477,142
1898	55,480,723	37,136,881	92,617,604
1899	62,554,178	40,142,869	102,697,047
1900	65,584,548	40,196,182	105,780,730
1901	64,555,996	39,354,866	103,910,862
1902	68,188,570	40,983,660	109,172,230

The exports may be analyzed as follows:

Year	Exports	Deduct Coal, Coke, and Bunkers.	British Manufactures.
	Tons	Tons	Tons.
1890	47,070,170	−38,226,432	=8,843,738
1891 ..	47,450,724	−39,620,211	=7,830,513
1892 ...	46,248,555	39,057,745	=7,190,810
1893	44,171,702	−37,171,486	=7,000,216
1894 ...	49,371,961	−42,362,215	=7,009,746
1895	49,892,118	−42,519,449	=7,372,669
1896	52,193,360	−44,199 382	=7,993,978
1897	55,675 023	−47,557,896	−8,117,127
1898 . .	55,480,723	−47,810 356	=7,670,367
1899 .	62,554,178	−54,611,404	=7 942,774
1900 ...	65,584,548	−57,850,544	−7,734,004
1901 .	64,555,996	−57,352,745	=7,203,251
1902 ...	68,188,570	−60,045,962	=8,142,608

These latter figures are necessary to the calculation as to freights; they also serve to show how small is the volume of British manufactured goods exported in proportion to the unreplaceable product coal, the tonnage of which, as will be seen, is more than seven times greater than all the rest of our boasted exports put together.

Now taking the tonnage of our imports according to Mr. John Williamson. In 1901 they were 39,354,866 tons, but of this tonnage we must assume that 34·6 per cent. was carried in foreign bottoms. (This percentage is obtained from the Board of Trade 'Statistical Abstract' for 1903; see p. 178.) So that the total tonnage of our imports carried by our own vessels was 65·4 per cent. of 39,354,866 tons.

The imports, therefore, carried in our own bottoms entering England from abroad in 1901 amounted to 27,713,200 tons. Conceding the average freight paid as being 15s. per ton, our vessels would receive as freight for carrying these imports £20,784,900.

Difficulty in calculating Freight.

There is no available means of arriving at the exact amount of freight earned by our ships in carrying the imports of the United Kingdom. After much patient inquiry, however, I have arrived at the following conclusion: Taking the various kinds of goods, the various classes of vessels carrying them, and the varying distances over which they travel, 15s. per ton, will be as nearly approaching an approximately correct average freight, paid for our imports, as we may hope to attain. If other statisticians consider this over, or under, the average freight, a very simple calculation applied to the *results* I obtain, will rectify them, according to their own estimate of the freight received.

Freight of Imports profiting the Kingdom.

If we *deduct* the *total* of the freight we thus receive, from the *value* we place on our imports on being landed, we *reduce* the difference between exports and imports by a sum of £20,784,900.

But the *total* of this freight money cannot be considered as *profiting* England. Harbour, dock, and canal dues abroad, payment of foreign agents, foreign coal purchased abroad, foreign seamen paid by us, foreign pilotage, etc., must be subtracted, and the balance of the freight received can then be deducted from the value of the imports we land. We may conclude that at least 10 per cent. of the freight our ships receive is paid away in charges abroad, and we can therefore only credit our imports with the remainder, £18,706,410. That is, we reduce the £180,000,000, the difference between the valuation of our exports and imports in 1901, to a sum of £161,293,590.

As to Exports.

Secondly, it is claimed that the freight received by our vessels in carrying our exports abroad, must also go as a credit against our excess of imports, because this freight is money earned by England, in connection with her exports, which money was not reckoned in the value of her exports when comparing them with her imports. To this I also give a qualified assent, as it increases the value of our exports by the amount of freight, which finds its way into England.

In order to arrive at the amount of freight earned by our ships in carrying our *exports* we have to:

1. Obtain the tonnage of the exports leaving the United Kingdom.

2. The proportion carried by our ships.

3. The average freight received per ton for the proportion carried in our own bottoms.

On referring to Mr. John Williamson's figures, we find that he places our exports in 1891 as being 57·4 million tons of coal, and 7·2 million tons of British manufactures; but he has not included the tonnage of the re-exports of foreign merchandise, the value of which came to £68,000,000 in that year.

The volume of these re-exports may be assumed to be under 1,300,000 tons. So that the tonnage of exports which were sent from the United Kingdom, may be calculated as being 57·4 million tons of coal, etc., and 8,500,000 tons of general cargo.

Referring again to p. 179 'Statistical Abstracts' for 1901, we find that 65·4 per cent. of these cargoes were carried by British vessels. Taking 65·4 per cent. of the 57·4 million tons of coal, and 65·4 per cent. of the 8,500,000 tons of general cargo, we get 37,540,000 tons of coal and

5,560,000 tons of general cargo carried in British bottoms in 1901.

In calculating the average freight paid per ton on the above exports, it will be better to assume two rates—an average of 10s. per ton for coal, and an average of 20s. per ton for the general merchandise.

This will give the vessels of the United Kingdom for carrying coal a freight of	£18,770,000
And for carrying general merchandise ...	5,560,000
	£24,330,000
Deducting 10 per cent. for charges paid abroad	2,433,000
We get as freight on exports profiting the kingdom	£21,897,000

which amount should ultimately find its way into English pockets, and can therefore be considered as an asset increasing the value of our exports, and thus balancing our excess of imports. Deducting this from the deficit between imports and exports, which had been reduced to £161,293,590 by the freight of imports, this reduces the difference between exports and imports in 1901 to £139,396,590.

It is claimed that the freight received by our vessels in intercolonial and interforeign trade is an asset which balances a still further portion of this deficit.

That we earn a very considerable amount of money in this manner is true; and that these earnings help us to pay our deficits between exports and imports is also true. But that these earnings can be considered as an asset connected with our export and import trade, or that they may be considered as part of our earnings in connec-

tion with either, is absurd; and to assume that any portion of our loss should be legitimately borne by these earnings is entirely unjustified.

THE EXPORTS AND IMPORTS, £139,396,590 LOSS TO THE KINGDOM.

I have thus shown to what extent the freight earned in carrying our own exports and imports, may be taken as liquidating a portion of the difference in the excess value of our imports over our exports. The balance, £139,396,590, was, I consider, a dead loss to the United Kingdom in 1901. It only remains, therefore, to estimate how this affected each man, woman, and child in the United Kingdom. The population in that year being 37,732,922, it means that for every head of our population the loss in our export and import trade amounted in

1901 TO £3 13s. 7¾d.,

or a sum very nearly equal to the total amount to the credit of the nation in our savings bank.

Is this a sign of the 'unbounded prosperity' mentioned by Lord Rosebery?

CHAPTER X

OUR SHIPPING AND ITS DECLINE—LOSS BETWEEN EXPORTS AND IMPORTS FROM 1892 TO 1903

I HAVE shown in the previous chapter that, after deducting the only legitimate asset I can discover—namely, freight amounting to about £40,600,000—from the excess of our imports over exports, we thus reduce it in 1901 from £180,000,000 to £139,400,000.

LOSS INCREASING.

If there be any other profits which can legitimately tend to prove that this loss is not so serious as it seems, I think it is the duty of the so-called Free Traders to produce them. So far they have not done so, and as I have made a patient search into the statistics of the Board of Trade returns without discovering any items of sufficient weight to reduce this loss, I must conclude that none exist. The Board of Trade returns, however, show that this loss is increasing with great rapidity, and as a careful analysis of their figures shows that the quantity of our shipping, the rate of freight our ships are receiving, and our investments abroad are falling off, the future prospect is indeed bad.

Now, the so-called Free Traders contend that no loss is taking place, and not only their speakers, but their press, back up their assertions by quoting the statements of Sir Alfred Bateman. If, therefore, both the contentions and the figures of this gentleman are wrong, their position is indeed a sorry one. The greatest difficulty which I have had to encounter, in analyzing, the optimistic conclusions

contained in the Memoranda attached to the Blue-Book, called 'Memoranda, Statistical Tables, and Charts of the Board of Trade for 1903,' has been to obtain any figures which would at once prove them either right or wrong. In the first place, it is important to discover whether the asset used to liquidate exactly one-half of the loss between our imports and exports in 1901—that is, £90,000,000 earned by freight—is an increasing or decreasing asset; in other words, whether the freight we are earning as ocean carriers, is increasing or decreasing.

DECLINE OF SHIPPING.

On p. 100 of the above-mentioned Memoranda a small table is given by Sir A. Bateman, which shows the 'Tonnage of Shipping entered and cleared at Ports of the Principal Countries (with Cargo and Ballast)' (see Table B).

I am going to allow his assumption, that these figures indicate, the relative proportion of cargo carried in British and foreign vessels, but before doing so, I must again point out:

1. That the tonnage of vessels entering and clearing any port affords no clue as to how much, if any, cargo is taken or left by them.

2. That it is impossible from such figures to estimate the relative number, or tonnage of the vessels, and whether they be in cargo or in ballast.

Neither in the first or second case are there any statistics available in the Blue-Books, which will give any clue as to the tonnage actually carried, by either British or foreign vessels.

To make this perfectly plain, my previous statement must be remembered, that every vessel calling or touching at any port is 'entered' when she arrives according to

her registered tonnage. When she leaves the port, she is 'cleared' according to her registered tonnage. Therefore entering and clearing has nothing to do with the cargo she may carry, discharge, or load. Now, having explained how little is the use of such a table in allocating the imports and exports of the world to the ships which respectively carry it, I will return to the Memorandum again.

In 1891 the tonnage of the shipping entered and cleared belonging to the rest of the world came to 160,000,000 tons, as compared with 214,000,000 tons belonging to English ships, or, our tonnage entered and cleared at the ports of the principal countries came to more than the rest of the world by 33 per cent.

In 1901, however, according to Sir A. Bateman's table of ships entered and cleared, the rest of the world's shipping had so increased that they carried an equal amount of tonnage to that taken by British ships; we lost, therefore, in the ten years, the 33 per cent. advantage we had over them in 1891.

The figures show that in ten years, foreign tonnage entered and cleared, had increased 59 per cent., while British tonnage had increased only 27 per cent.

Thus, from this table it appears that the general increase of

FOREIGN SHIPS SERIOUSLY THREATENS OUR GENERAL CARRYING TRADE

in the future.

Now, we have to discover if this *general* advance by the foreigners on the world's shipping, as suggested by Sir A. Bateman, has affected the question of the amount of freight earned by our own ships as regards our own *exports* and *imports*, and we must try and discover what was

the tonnage of our exports and imports, and what proportion was carried in our own bottoms from 1892 to 1903.

We have to rely on figures taken from another Blue-Book, 'Statistical Abstracts' for 1903, and as far as these go we are on more solid ground. Not only can we separate vessels in cargo from vessels in ballast, but we can apportion the amount of vessels in ballast belonging respectively to British or foreign owners, and, in addition, estimate from the tonnage entered and cleared of each, in the United Kingdom, what relative amount of tonnage was carried by our vessels or by foreigners; but beyond this, so far as the Board of Trade Blue-Books are concerned, we are at a standstill, because they afford us no clue to the actual tonnage carried. They give the value of imports and exports, it is true, but whether these be diamonds or coal they leave us uninformed, and, as most people know, there is some difference in the freight of these two. Luckily, we have Mr. John Williamson's estimates already quoted, and, accepting the Statistical Abstracts as a guide, we can discover with tolerable certainty whether or not the general advance of foreign shipping has affected the tonnage and freights earned by our own ships.

On pp. 178 and 179 of 'Statistical Abstracts' for 1902, we find, after analysis, that in the preceding ten years the increase of British tonnage 'entered' at our own ports was only 21 per cent., as compared with a 51 per cent. increase of the tonnage of foreign vessels, which means that, as regards vessels bringing imports to England, British ships had only increased by 21 per cent., as compared to an increase of 51 per cent. by foreigners.

We also find that the increase of British tonnage 'cleared' from our own ports was only 12 per cent., as compared with an increase of 66 per cent. by foreigners, which means

that, as regards vessels taking exports from England, British ships had only increased their cleared tonnage by 12 per cent., as compared to an increase of 66 per cent. by foreign vessels.

Our Import and Export Carrying Trade affected.

The total increase in tonnage registered as entered and cleared by British vessels during these ten years was only 16 per cent., as compared to 59 per cent. increase by foreign vessels. We thus see that the inroads of our foreign rivals, have even more seriously affected, the carriage of our own imports and exports, by our own ships.

These figures are bad, but when we divide the same ten years' period between 1892 and 1903, into quinquennial periods, it will be observed from the same statistics, that the falling off in our carrying trade is even more serious.

The tonnage of our shipping, carrying our own exports and imports, was entered and cleared in 1892 as 46,419,800 tons. The tonnage entered and cleared by our vessels increased in the next five years up to 1897, by 18,490,300 tons, over the average of 1892. Taking the tonnage entered and cleared, by our vessels in 1897, as being 53,441,000 tons, we find, that the increase of tonnage entered and cleared in the following five years up to 1902, was less than a million tons over the average of 1897:

From 1893 to 1897 the total increase of
British ships entered and cleared was 18,500,000 tons.
From 1898 to 1902 the total was ... 1,000,000 ,,

Practically, then, so far as such rough methods go as estimating the tonnage carried by the vessels entered and

cleared (which, it must be remembered, are those adopted by Sir A. Bateman in estimating the proportion of the world's exports and imports carried by British vessels), we see that during these last five years our shipping as carriers of our own exports and imports had only increased its tonnage carried by 1,000,000 tons. This is very serious, because during that period of five years, according to Mr. J. Williamson, *our exports* and imports had increased by 51,000,000 tons (see p. 62).

I have thus shown that, though the gross tonnage of our imports and exports is increasing rapidly, the tonnage carried by our ships is at a standstill.

It is now necessary to determine as nearly as possible the exact loss the United Kingdom has been making annually, as between its exports, and imports over a series of years, starting from and excluding 1892, to, and including 1902, and also to what extent this loss is increasing.

Loss between Imports and Exports from 1892 to 1903.

The following calculations are based partly on the Board of Trade Blue-Books previously mentioned, and partly on the actual tonnage of imports and exports compiled by Mr. J. Williamson. We must assume that the tonnage of British and foreign ships entered and cleared at our ports in the foreign trade bear an approximate proportion to the actual tonnage carried.

Column I. in the table on p. 75 shows the excess of imports over exports as given on p. 99 of the Board of Trade Memoranda, etc., for 1903.

Column II. shows the freights earned by British ships in each of the years in carrying imports and exports less that part of the freight spent abroad.

These freights are obtained as follows:

1st. The actual tonnage of all imports and all exports are obtained separately from Mr. Williamson's tables. To these exports must be added the tonnage of our re-exports, these latter not being included in Mr. Williamson's figures.

2nd. The percentage of these imports and exports carried by British vessels in each year is obtained from the 'Statistical Abstract' for 1902, pp. 178 and 179.

3rd. These percentages, being applied to the actual tonnage of imports and exports in each year, give the proportion carried annually by British vessels.

4th. The average freight per ton received by our vessels is estimated at:

Exports, 10s. per ton for coal and its products;
,, 20s. per ton for all other merchandise;
Imports, 15s. per ton all round—

the result being the freight received by our vessels for carrying their proportion of the exports and imports of the United Kingdom. From this, however, 10 per cent. has to be deducted for that proportion of the freight which is spent abroad, the remainder being the money earned in freight which profits the United Kingdom, and which can be legitimately taken to reduce the excess value of our imports over that of our exports.

As I said before, it is probable that no two statisticians will agree as to any approximate average freight paid for our imports and exports. Merchants sending English tin plates from Swansea to Antwerp, at a freight of 2s. 6d. per ton, may differ in their estimates from shippers sending re-exported German pianos to Australia. So may shippers of wheat from America, paying a freight of 3s. 11d. per ton, differ in their estimate from the tea

merchant importing tea from China, the shippers of wool from Australia, or the exporters of silken goods by mail boats to the Cape at 47s. per ton. I fear, however, that the average estimate will not make much difference to the deplorable loss we are annually making. In dealing with Column II., should, therefore, my estimated freight be considered too low—say by 25 per cent.—all that it is necessary to do to arrive at the loss on Column III. is to add 25 per cent. to the figures in Column II., and deduct it from the figures for the same year in Column I.

Column III. is the loss which England is annually making as between her imports and exports after deducting freight.

Starting in 1892, the figures are:

Year.	I Excess of Imports over Exports	II Less Freight	III Loss to United Kingdom.
	Million £	Million £	Million £.
1892	135	33 6	101 4
1893	132	32 8	99·2
1894	146	36 2	109 8
1895	146	36 5	109 5
1896	139	38 4	100 6
1897	156	39 5	116 5
1898	183	39 2	143 8
1899	165	41 2	123 8
1900	177	39 7	137·3
1901	180	40 6	139 4
1902*	184	42 2	141 8
Total for ten years ...	1,608	349 9	1221·7

The same ten years' loss, at the rate of the loss in 1892, would be 1014·0 million pounds. The loss has therefore increased during the ten years by 207·7 million pounds.

Thus, by taking 101·4 million pounds, the loss between

* See Appendix II. for commerce during 1903.

imports and exports in 1892 as an average, we find that the increased loss during the ten years is £207,700,000, the average annual increase of loss being £20,700,000; while the total loss, after deducting freight for the ten years ending 1902, was £1,221,700,000, the average annual loss to England was £122,170,000 as between the value of imports and exports during the same ten years.

CHAPTER XI

SERIOUS DECLINE IN EXTERNAL AND INTERNAL TRADE

Mr. Asquith at Truro, November 27: 'He looked on "dumping" with little alarm. No serious attempt had been made to show that general trade was bad.'*

The latter statement was, I believe, cheered by the audience; but is it not marvellous that after the excellent work done by Mr. Chamberlain, the Tariff Reform League, and writers such as Messrs. Vince, Williams, Wilson, Schooling, Ashley, Haggard, Maxse, and others, in proving that general trade was bad, that such an assertion should be allowed in any assembly of Englishmen? I cannot, however, permit such a statement to remain unchallenged, and I trust that those who read the following chapter will remember the facts contained therein.

ENGLAND, GERMANY, FRANCE, AND AMERICA.

It is advisable to examine the imports and exports of England, Germany, France, and America, and then compare the rates at which the business done by these countries is altering in their favour, or the reverse, remembering the axiom that 'the exports of a country should pay for its imports.'

It is impossible to find any similar ten years in the commercial dealings of the above countries against which the argument cannot be advanced of including some phenomenal year which has a tendency to increase or

* Sir H. C. Bannerman at Bolton, October 15, 1903, said: 'The mass of trade increases, and the signs of well-being increase with it'!

decrease the value of an average; but taking the ten years 1893 to 1902 as most modern, and as being the period already dealt with, I shall *note* any exceptional feature which may tend to upset a fair average rate of increase or decrease of the relative value of their imports and exports.

England's excess of imports over exports in 1893 was valued at ...	£132,000,000
In 1902	184,000,000

Being an *increase* of 39·4 per cent. in these ten years.

*Germany's excess of imports over exports in 1893 was valued at ..	£43,500,000
In 1902	47,700,000

Being an *increase* of 9·6 per cent. in these ten years.

The year 1893 was, however, an exceptional one, Germany's exports being very high. If the years 1892 or 1894 are taken in comparison with the year 1903, then the excess of imports over exports *decreased* by about 12·5 per cent. and 2 per cent. respectively, so that it must be fairly admitted that Germany has not increased her excess, but decreased it by about 7 per cent.

*France's excess of imports over exports in 1893 was valued at ...	£24,600,000
In 1902	5,700,000

A decrease of 77 per cent. in these ten years.

*America's excess of imports over exports in 1893 was valued at ..	£4,000,000
America's excess of *exports* over imports in 1902 was valued at ...	100,000,000

* Pages 476, 478, and 480 respectively of the Blue-Book 'British and Foreign Trade and Industrial Condition for 1903.'

A complete reversal of the imports and exports, the £4,000,000 of imports in excess of exports, disappearing, and an excess of exports over imports, amounting to the splendid sum of £100,000,000 appearing.

But 1893 was an exceptionally bad year for America as far as exports were concerned.

Taking 1892 and 1894, the average excess of exports over imports was . .	£45,800,000
For 1903 it was	100,000,000

She had therefore increased her excess of exports over imports by 218 per cent., her average excess of exports over imports since the McKinley Tariff came into operation being £61,000,000 per annum.

Summarizing America's trade in 1873, the imports were in excess of exports £25,000,000, since which year trade has entirely altered in her favour, the three last years, 1900, 1901, and 1902, showing an average excess of exports over imports of £117,000,000 per annum. Think of that, my so-called Free Trade friends—we who have to admit £184,000,000 as a deficit between our imports and exports, and with the axiom with which we started that exports should pay for imports ringing in your ears! *Wake up* before it is too late!

In addition to the enormous profits the Americans make, in the money they receive for the excess value of the exports they sell, as compared with the imports they buy, they make a revenue of £48,000,000 by taxing foreign goods.

AMERICAN DUTIES.

It is declared, by certain writers and orators of the so-called Free Trade party, that the duty imposed by the

States on goods entering their territories, is the cause of the general high price charged for *all* goods in the States. This is not true. It is, however, a fact that, as regards those goods which the States cannot produce, the consumers must pay an enhanced price due to the duties; but in most cases this refers only to luxuries which are used by the wealthy, and for which they can afford to pay. Even if the generally higher price charged for all American goods, was due solely to the duties charged on imports, any increased cost to the consumer would be balanced by a corresponding reduction of the general taxation on each individual, due, to the revenue thus raised, while it must also be remembered, that the increased production and higher wages due to a protected market, would enable them to pay an increased price on the goods they required. The real cause, however, of higher prices in the States is:

First, because the people can afford to pay them.

Secondly, it is due to the action of the trusts, etc. These trusts are formed to control home products, which, are not of course, imported, and consequently not taxed. Wheat, for instance, which has to pass through New York in order to reach England, costs the New Yorkers 20 per cent. more than the price at which it is sold to us. With regard to steel rails, here is a cablegram from America:

'NEW YORK,
Tuesday, December 15.

'It is reported this afternoon that the pool of steel manufacturers which meets on Thursday may be forced to reduce the price of rails. Great dissatisfaction exists in consequence of the maintenance for home buyers of the price of £5 12s. per ton fixed early in 1901 simultaneously with the reduction of export prices for rails below £4, and the coercion of

the railways into reducing their carrying charges one-third on export material.'*

American Wealth.

Do you think, that in order to balance any bad business between their exports and imports, the Americans have to pay any proportion of the income they derive, from the money they place in foreign investments or in their shipping? No, every other income they make, goes to swell their national wealth, and not to liquidate the debts of bad trade, and are an addition to, the profits they are making on their external trade. They therefore spend this income in their own country, or in obtaining controlling interests in other countries.

The following figures will completely disprove Sir A. Bateman's contentions as to 'freight' and 'interests due' paying the difference between imports and exports:

Our Export and Import Trade to America, 1902

America sent us	£147,000,000† of imports.
We sent her	37,650,000 of exports.
Difference in her favour	£109,350,000

Twenty per cent. of this may be considered as liquidated by the freight earned in this trade, together with the 'interest due' on the remaining United States securities, etc., still held by

* The above cable proves my contention that it is largely due to the action of trusts, etc, that prices are high, besides, if the tariff duties caused higher prices in the States, would they also not cause higher prices in Germany, France, Russia, and Italy, whereas most commodities necessary to the people are cheaper in these countries than in England?

† American ships registered for oversea trade in 1902 aggregated about 900,000 tons, the freights earned by these vessels in carrying their *exports* to England and their imports from England more than counterbalanced the freight they had to pay on the balance of the *imports* carried in *foreign bottoms*.

us. The balance, however, is not paid in cash, and, in addition to selling our American securities, as mentioned by Sir A. Bateman, to meet this annual deficit, we are paying a considerable part of the freight we are earning all over the world, the 'interest due' from our possessions and other foreign countries, and, in addition, using our internal sources of wealth, to help us to tide over the bad business we are doing with America alone.

If there be any other source from which we pay this loss, I should like Lord Rosebery, or his reunited Liberal party to explain the matter fully.

These figures alone show how utterly fallacious is the contention advanced by certain of our economists, that our trade is in a state of abounding prosperity. I might ask: With whom?

Now compare the trade of each of these countries with England, remembering that it has been proved by foregoing statistics, taken from the Board of Trade returns, that in the last ten years

England has increased her excess of imports over exports by	39·4 per cent.
Germany has decreased her excess of imports by	7 per cent.
France has decreased her excess of imports by	77 per cent.
America has increased her excess of exports by	218 per cent.

France* sold us in 1901 32 per cent. of her total exports; we sold her only 6·5 per cent. of ours.

America sold us in 1901 46 per cent. of her total ex-

* These figures are calculated from the Board of Trade 'Statistical Abstract for Foreign Countries.'

ports; we sold her in the same year only 11 per cent. of our total exports.

Germany, Holland, and Belgium in 1901 sold us 22 per cent. of their total exports; we sold them only 17 per cent. of our total exports.

That is, France, America, and Germany (including Holland and Belgium), sold us collectively, in 1901, 33·3 per cent. of their total exports; we sold them only 11·5 per cent. of ours.

The value of the goods these countries sold us was	£312,000,000
The value of the goods we sold them was	122,000,000
Or a loss in trade in 1901 to this country alone of	£190,000,000
Now compare the amount our possessions sold us in 1901	£105,573,706
We sold them in 1901	113,118,364
Or a gain in 1901 of	£7,544,658

The excess of the goods we purchased in 1872* over the goods we sold in that year came to a value of £1·8 per head; this difference has gone on increasing since then, until it rose in 1902 to £4·5, or £5 per head, if we deduct the value of coal and its products from the value of our exports.

The difference is increasing year by year. Is there any wonder, then, that business is bad, our trade falling off, the unemployed increasing in numbers, that 12,000,000 of our population—as Sir H. Campbell-Bannerman tells us—are on the verge of hunger, or that we have to support 1,400,000 paupers?†

* A splendid year for exports. † See Appendix.

The meaning of the word 'pauper,' according to Webster, is 'a poor person dependent on private or public charity.'

Total Paupers officially relieved, excluding Vagrants.

January, 1900, to January,	1901	...	991,598
,, 1901, ,,	1902	...	1,016,619
,, 1902, ,,	1903	...	1,040,908

Total Population.

June, 1901	41,550,773
,, 1902	41,961,212
,, 1903	42,372,556

Then the number of paupers officially relieved, excluding vagrants, were:

Year.	Per Cent. of the Population.
1901	2·38
1902	2·42
1903	2·45*

STEADY INCREASE IN PAUPERISM.

These figures show a steady increase in pauperism, but they do not show the very great number of paupers who are relieved by private charity. As far as can be estimated, this latter class, including vagrants, number between 350,000 and 400,000 persons. It does not follow that these latter are entirely dependent on charity, but are those who are dependent on the community for means to eke out a living. The total of paupers, therefore, must approach, if they do not exceed, 1,400,000.

The following figures are some of those which have

* The indoor paupers during 1903 increased in number, while, owing to the determination of Poor Law Guardians, less was given to outdoor relief, and consequently the number of outdoor paupers dependent on the general charity of the public has increased; while the Poor Law Guardians proudly claim that they have thus spent less this year in outdoor relief.

been recently published by the Tariff Reform League in their pamphlets. I only select a few of many instances; they will indicate the cause which leads up to our losses between exports and imports, to our increasing pauperism and the increasing numbers of the unemployed, and may be serious enough to attract Mr. Asquith's attention.

BRITISH WOOLLEN MANUFACTURES.*

In 1887 our exports were £20,595,000; these had fallen to £14,237,000 in 1901.

In 1887 our imports were £7,111,000; these had risen to £9,578,000 in 1901.

Our exports in woollens had decreased in fifteen years by 31 per cent.

Our imports in woollens had increased in fifteen years to 35 per cent.

BRITISH SILK MANUFACTURES.

In 1887 our exports were £2,328,000; these had fallen to £1,429,000 in 1901.

In 1887 our imports were £10,382,000; these had risen to £13,030,000 in 1901.

Our exports in silk had decreased in fifteen years by 39 per cent.

Our imports in silk had increased in fifteen years by 25½ per cent.

Speaking generally, our silk industry, since the duty was taken off imported silk in 1860, has fallen to one-sixth of its former proportions, in spite of the increase in our population during that time, and we get our silk no cheaper.

BRITISH IRON AND STEEL.

In 1887 our exports were £4,143,000; these had fallen to £2,898,000 in 1901.

* See Appendix III. for other industries.

In 1887 our imports were £376,000; these had risen to £968,000 in 1901.

Our exports in iron and steel had decreased in fifteen years by 30 per cent.

Our imports in iron and steel had increased in fifteen years by 158 per cent.

'DUMPING' AND ITS RESULTS NO PROSPECT OF WORKING AT A PROFIT.

('*Daily Mail*,' *November* 27, 1903)

'The Monmouthshire Steel and Tin-Plate Works Company, who employ 1,000 men, have given notice that, in consequence of the "dumping" of German and American steel, they see no prospect of carrying on the works at a profit, and after the end of November the men can only be retained on weekly instead of monthly contracts.

'The works are situated at Pontymister. Forty thousand pounds have been expended on modernizing them within the last five years.'

GLASSWARE.

In 1887 our exports were £1,021,000; these had risen to £1,057,000 in 1901.

In 1887 our imports were £1,674,000; these had risen to £3,530,000 in 1901.

Our exports of glass had increased by 3½ per cent.

Our imports of glass had increased by 111 per cent.

REFINED SUGAR.

In the last thirty years exports had decreased £614,302.

In the last thirty years imports had increased £6,565,763.

Twenty-five years ago the plate-glass trade employed 20,000 workmen at good wages. It has now practically died out of the country, for the last of the big English plate-glass works was closed on June 30, 1903.

Yet the demand for plate glass is so large that last year no less than 412,804 cwts. were imported into the United Kingdom.

BUYING MORE AND SELLING LESS.

It is evident from these figures that the more we buy from foreigners, the less we sell them, and that we as a nation, are daily losing ground, and our trade is daily becoming worse. (Please note, Mr. Asquith.)

SIGNS OF OUR LOSSES.

Is there no sign of this loss to the country in parting with our capital? Yes, most certainly there is!

Go to the city: you will soon learn. Go to the country—the farmer, the consumers. Go to the brokers, the tradesmen, and it is evident. Go to the docks—you will get another lesson. Go to the almshouses and the charitable and benevolent *societies*. Go to the trades union, and find out how many union men are unemployed. Go to the non-union men, and find out from them that 10 per cent. of their number have been unemployed during the last three months. Stand in the London streets, and watch the lengthy processions of the unemployed. Go to the official receivers. Listen to foreigners, your own countrymen who have travelled, your own colonists. Ask your bankers, ask your brokers, ask your company promoters, ask your tradesmen: your hatter, your butcher, etc.—all will tell you one tale, and a sad one. Listen to the truths about your decaying trades, your closed factories, the growing power of American and German trusts in this country, the influx of the aliens who flood this country like the foul insects who haunt an unclean sore. London, fifteen years ago, was admittedly the richest city in the world, the centre of all speculation. Is

it so now? and if it is so at present, would it continue as such if the money and interests owned by Germans, Americans, and Frenchmen were withdrawn from it to their respective countries? Has no statesman warned you of the panic, or the rush on our banks, which would assuredly happen on the eve of our war with Germany?—or have any laws been enacted to minimize this *probable* danger? Go, however, to the shopowner or agent who makes his money by the sale of foreign goods, go to anyone of the majority of the Cobden Club, and you will hear this: 'Ach! Englandt vas a grand country. Your Vree Trade, myne friendt, is ver goodt. You vas brosber immensely,' and so on. Well, you can believe it, if you are fools enough to do so, and the longer you are hoodwinked and deceived by foreigners or their paid emissaries, or by men utterly reckless of their country's future, and with only their own pockets to fill and their own selfish ambitions to satisfy, or by unbusiness-like leaders, who may be (and I trust it is so) only thickheaded and not dishonest, the more you will suffer in the future.

It is the apathy evinced by many of the middle class which I greatly fear. They seem to me to fail to realize, in many cases, that they owe a duty to their country and to their posterity. Many fail to see that perhaps some little sacrifice is due to, or for, the sake of the country which has for so many years made home life and business life here one of unexampled prosperity; that some little thought is due by everyone, who has the privilege of a vote in his country's destinies, and who may have the responsibilities of a family to educate. To such I would recall a saying of the Italian, Paulus Manutius, which, translated, reads thus: 'It is disgraceful for a man to exist as a stranger in his own country, and to be without knowledge of her needs or interests.'

CHAPTER XII

IS ENGLISH CAPITAL DRIVEN ABROAD A LOSS?

I HAVE dealt to some extent with this subject, as it is the crux of the whole question. I have endeavoured to show you that we are doing bad business, and have given you an illustration of good business done by the most highly protected country, America; I can now turn to Mr. Balfour's question:

> 'Whether a fiscal system suited to a Free Trade nation, in a world of Free Traders, remains suited in every detail to a Free Trade nation in a world of Protectionists.'

And I think you will agree with my answer, *which is, 'No!'*

We have as

LITTLE CHANCE OF SUCCESS

under such a system, in a struggle for commercial life, as an old crawling ocean tramp would have in a fight against a smart modern armour-protected man-of-war, or as a naked and unarmed peasant would have had against a fully-armed knight.

The contention, however, of the so-called Free Traders is that our foreign trade is prosperous and lucrative, and that all excess of imports over exports is a sign of profit to us, and is legitimately paid for by invisible exports.

The Free Trader claims, as another of his invisible exports, that, when industries are rendered unpayable in England, and the capital which is invested in them is

withdrawn and reinvested in creating a similar industry in a foreign country, it is a gain to England, and that any interest arising from this foreign investment, which finds its way into England, must be considered as an *export*, which pays for some portion of the excess of our *imports*.

Unfortunately, this

CONTENTION IS NOT A SOUND ONE.

The investment of this money abroad is backing up and capitalizing our foreign rivals. The owner in many cases follows his money, and lives in the foreign country in which he has recreated his industry; the profits on the goods he sends to England, are sent back to him, and he unintentionally assists in still further ruining other branches of a similar trade, in his own country, by being able to take advantage of the same weapons which ruined him, and drove him and his capital out of the country.

As an instance of such investments I quote the following extract from a pamphlet (No. 33) of the Imperial Tariff Reform Committee, Birmingham.

It shows the effect of foreign tariffs on British industries, and is taken from the speech of Mr. Evelyn Cecil, M.P., at Aston Manor, September 28, 1903.

A BRITISH INDUSTRY TRANSFERRED TO FRANCE.

'I saw, the other day, a large calico-printer. He used to have large works in England, employing some 6,000 hands, and he exported a great deal of his manufactures to France. But he had to pay a heavy French import duty on all the goods that he exported. The result was that he found that it would be much cheaper to give up his English manufactory in great part, and transfer it to France. That is

actually what he has done. He now employs only 3,000 English men and women, while in France he employs 3,000 hands. He can manufacture all the calico that is wanted in France at his French works, where he does not have to pay any import duty at all; and if he manufactures there rather more than there is a demand for, he *has only to bring it over here.*'

This is not a rare or exceptional instance, but a specimen of what is going on in many trades.

This investment of capital is therefore a

LOSS TO ENGLAND,

and reverses the result which would be obtained by prosecuting such an industry in this country, and thus supporting English labourers. Even when the English invest any capital in the most profitable going industries abroad, it is a loss to England when she happens to want the capital herself; and in neither case is it honest or legitimate to try and obscure the loss between exports, and imports, by cooking the accounts in this way.

I do not see how these investments can be regarded, in any other light, than as a most grave and serious loss to England, even assuming that a certain proportion of interest is received from these investments by a person or firm in England.

It cannot be legitimate, in balancing our accounts, to ignore the fact that this interest has nothing to do with exports and imports, which are a profit and loss simply as regards one another.

EXTRAORDINARY AXIOM.

Now, let us assume this extraordinary axiom claimed by the Free Trader, that *all* sources of income from abroad, can be justly claimed as being due to our

system of imports and exports and arising from them, and therefore legitimately supplying the money we have to pay annually for our loss between the two. It unfortunately happens, that returns are not available to show, our *exact* position as regards the interest coming to England from the capital she has put into foreign enterprises. According to the Blue-Books,* £62,000,000 less £7,000,000, or £55,000,000 only, is *recorded*, while a supposititious amount, equal to about £30,000,000, of other interest is vaguely claimed as falling due to us annually from private investments abroad.

Thus, in the balance-sheet for 1901 (see p. 36) the Free Trader does not pretend to give details. He takes his pen, sits down quickly, and writes £180,000,000 as being the 'services rendered,' and the 'interests due,' to English investments and enterprises abroad, and as legitimately counterbalancing our loss between exports and imports: he shows

NO LOSS AND NO PROFIT

in this account, and whatever might have been the deficit, he would have met it in the same manner, as paid by 'goods supplied,' 'services rendered,' and 'interest due.' Sir H. Campbell-Bannerman would probably have been inclined to lend a seeming reality to such figures by indulging in an enthusiastic optimism, and instead of £180,000,000 he would say, 'Well, to be strictly accurate, our profit in this respect, invisible exports, and "interests due," last year, amount to £180,000,000 10s. 2¾d.' But not so Mr. Asquith; he himself is strictly accurate, whatever his leaders may be. Here is his exact financial state-

* See footnote, p. 104, Appendix I., 'British and Foreign Trade and Industrial Conditions,' 1903.

ment: 'Our imports were sent in payments' (not on account of) 'of goods supplied' (here we have the exports), 'services rendered' (here we have the freights), 'and interests due.' No more and no less; just the right amount to settle our loss. This last item, conjured in his own imagination, just balances the remainder of the loss, and, happy result, the country does not therefore make any loss as between exports and imports, and the £180,000,000 between these two sides of the ledger is covered by what his school of economists amusingly call 'invisible exports.' Well, yes, it is a good name!

CHAPTER XIII

UNJUSTIFIABLE AUDITING OF COMMERCIAL AFFAIRS BY THE SO-CALLED FREE TRADERS.

I SHALL endeavour to place the position clearly before you by a simile which will more easily demonstrate how absurd the contention is, that our export and import trade with foreigners, is in a healthy or prosperous condition, although we may be able at this moment, to pay for the excess of our imports over our exports. No contention is so absurd as that which claims as an invisible export legitimately balancing our imports, the earning of our vessels when employed in transporting cargoes, which are neither our exports nor imports, and have no connection with England, or even her colonies, or which claims, for the same purpose, the interest due to the United Kingdom or to its citizens on the money either has invested abroad.

A SIMILE: JOHN BULL OF BULLVILLE,

a bootmaker by trade, some twenty years ago inherited his father's house and a bootmaker and cobbler business in a small country town; he settled down to this industry, and did fairly well. He paid his way, saved money, and lived comfortably. He then married, his wife having some £200 of her own. She was active both in mind and body, and had a good business head on her shoulders, and, resolving to aid, did invest this money in the erection of a small laundry. She purchased a stout horse and a cart, and canvassed the neigh-

bourhood for washing. She established a payable business, using the cart on Mondays and Saturdays for carrying the washing to and fro, and during the rest of the week she either used the cart for carrying people's goods to and from the neighbouring towns or lent it on hire to those who might require it.

By these means she not only paid the interest on the capital she had invested and all her expenses, but was earning a very comfortable income. Meanwhile, affairs had not been prosperous with her husband. His trade had fallen off, and he was absolutely losing, not only his time, but was failing to pay his way, and had spent his savings. He sold, it is true, a certain quantity of boots, and did some cobbling, but the money thus earned was less than he spent on food, clothes, rates, taxes, raw material such as leather, etc., and on manufactured articles such as awls, lasts, bradawls, eyelet holes, nails, needles, thread, etc. The falling off in his business was due to no fault of his own; his former customers purchased their shoes, boots, etc., in a new boot business (American) which had established itself in the neighbouring town. The American business was able to utilize the surplus ready-made goods manufactured in immense numbers in its boot factories in America, and was able to undersell our English bootmaker, and in consequence, at the end of each year, he found that his books showed an increasing loss in his trade. His wife's investments were, however, earning enough not only to pay the deficit, but to keep the family comfortably off.

As a business woman, she objected to her independent income being absorbed in the losses of a trade which was steadily demanding more and more of her earnings. She argued that, as the laws of the town permitted the untaxed introduction of foreign boots, her husband could not

possibly hope to compete in prices against them, and that those unjust laws were not likely to be altered.

The people of that part were chuckling at the cheapness of the American boots; they did not see that the reduction of prices was only a temporary one, which would quickly alter when the American shop had wiped out the industries of the surrounding villages and commanded the boot trade. Neither did they realize that the money paid to the American shop was a loss to the community, though it was being sent to America, to pay for the American goods, instead of healthily circulating and remaining in their own country.

Both husband and wife keep the shop on, however, because it is an old-established business, and they hope that the people of their town will wake up to the folly of encouraging the introduction of foreign goods, and to the danger, that each of their own trades, etc., may suffer in their turn from similar competition. The husband, the wife, and their family know how rotten the state of his business is; perhaps the bankers also know how the bootmaker's business is kept alive, but the rest of the town are for the moment in ignorance. To open their eyes to the loss the bootmaker is sustaining in his business, it only needs rival carriers, and rival American or German steam laundries, to start in business, and take from the wife the profits she now earns, and thus reduce the bootshop to the bankruptcy it would have reached long ago, had it not been for the support of the wife's earnings.

Would it not be an

ABSURD CONTENTION

to claim that our bootmaker's business was a profitable one, or that he made no loss in his trade, because, forsooth, the earnings made by the judicious investments of

his wife's capital furnished the funds to pay for the loss he was daily making?

Would it not be absurd to claim that the money earned by the cart and horse in carrying the market-garden products of the neighbours to and from the neighbouring town was due to his business as a bootmaker, or would any

HONEST AUDITOR

of the bootmaker's books permit his wife's earnings, either in the laundry or in the carrying business, to appear to the credit side of his business as a bootmaker in these books?

The contention that the export and import trade of the United Kingdom is a prosperous and remunerative one is equally absurd, when the loss we are making between our imports and exports can only be balanced by taking the earnings of the freight carried in inter-foreign and inter-colonial trade, as well as by also taking the interest derived from our investments abroad, and, in addition to these two methods of paying for the loss in our trade, *selling largely* our best securities, of late years, to foreigners to balance the loss we are making in our trade with them.

THE SKILL OF THE FREE TRADERS AS AUDITORS.

Now let us see how Messrs. Asquith, Morley and Co. would audit the accounts of the John Bull boot and shoe business (see p. 98).

Now, remembering the balance-sheet on p. 51, Part II., and developing and explaining it more fully, it will be seen how these auditors would account for the loss we are making as between exports and imports with items of equally absurd relevancy, because they are used by Sir A. Bateman, see p. 103, line 16, 'Memoranda and Statistics of the British and Foreign Trade,' etc., for 1903 (see p. 99).

J. BULL, BOOT AND SHOE RETAILER.—PROFIT AND LOSS ACCOUNT FOR TWELVE MONTHS TO SEPTEMBER 30, 1903.

1902.		£	s	d	£	s	d
Oct 1	To Stock in trade				20	0	0
1903.							
Sept. 30	,, Sundry purchases (boots material a/c)				45	4	10
	,, Workman's wages				54	12	0
					119	16	10
	,, Salary—shop assistant	45	0	0			
	,, Rent, rates, and taxes .	13	17	0			
	,, Repairs, etc., to premises	13	4	2			
					72	1	2
					191	18	0
	To loss on trading brought down				68	9	7½

1903.		£	s.	d.	£	s.	d.
Sept 30	By Sales	83	4	0			
	,, Repairs	15	5	0			
	,, Sundries and odd jobs ...	2	14	4½			
					101	3	4½
	,, Stock in trade				22	5	0
					123	8	4½
	,, Balance being lost carried down * ...				68	9	7½
					£191	18	0

* *N.B —By the ordinary business man this loss would be accepted as final and incontrovertible, but according to Mr. Asquith's methods it would be counterbalanced by such items as the undermentioned.*

By wife's earnings in laundry business ...	31	15	0
By earnings of wife's cart in conveyance of German pianos	4	4	6
By ditto, ditto, Belgium rails local tramway	6	4	0
By ditto, ditto, neighbour's market-garden produce	4	8	6
By compensation obtained by Bull from being knocked over by French motor-car	7	4	0
By money borrowed by Bull from wife's mother	3	0	0
By penny found in road	0	0	1
By money left Bull by great-aunt ...	8	10	0
By interest on wife's earnings deposited in savings bank and advanced to Bull	3	2	0
By money confiscated from eldest boy, who was discovered playing pitch and toss on Sunday morning	0	0	3½
By sale of four kittens to neighbours ...	0	1	3
	£68	9	7½

THE UNITED KINGDOM EXPORT AND IMPORT TRADE.—PROFIT AND LOSS FOR TWELVE MONTHS TO DECEMBER 30, 1901.

	£		£
To Imports	522,000,000	By Exports	348,000,000
	6,000,000	,, Freight—carriage imports and exports ...	40,603,410
	£528,000,000		£388,603,410
To loss on trading brought down	139,396,590*	,, Balance being loss carried down	139,396,590
			£528,000,000

** N B —By all other nations this loss would be accepted as final and incontrovertible, but according to the so-called Free Trade methods and arguments it is no loss, being counterbalanced by the following items:*

To freight earned by the shipping of the United Kingdom in intercolonial and interforeign trade, supposed by Sir A. Bateman to be equal, in 1901, to £90,000,000, less the £40,603,410 credited above	49,396,590
To interest due from foreign countries *and* from the British possessions, on general loans—railway investments, etc —as far as can be earmarked by Sir Alfred Bateman, in 1901	53,000,000
To interest due to the inhabitants of the United Kingdom on their private loans and investments made to and in foreign countries, and to and in our own possessions (which, according to Sir A. Bateman, make, with the total freight and the interest due on investments as credited above, sufficient to account for £160,000,000 of the deficit in 1901)	17,000,000
	£119,396,590

£20,000,000 SHORT

	£119,396,590
Still leaving a loss as between imports and exports for 1901 of	£20,000,000

This financial statement puts them in excellent humour, rose-coloured visions of the happy and prosperous state of our country exist in their minds. All is well; we only want more technical skill and greater technical knowledge. Our colonies, our possessions—oh no!—we don't want them. Our big customers, the foreigners, must be studied, not the people of our Empire. Oh yes; we will go to war for the rights of the miserable and murderous so-called Christian Armenians, etc.; but it really does not matter about our trade with Australia, Canada, and our other possessions. We, as a nation, simply exist to improve the world and keep it open to the trade of other nations.

Our business with foreigners, by adding the debtor side to the creditor side

(ANOTHER EXAMPLE OF THEIR SKILL AS AUDITORS),

came in 1902 to 654·3 million pounds. This is how they do it:

Imports from foreigners	£421·6 millions.	
Exports to foreigners	232·7	,,
Business done with foreigners ...	£654·3	,,

WHILE IN 1902 OUR COLONIAL BUSINESS ONLY CAME TO 224 MILLION POUNDS:

Imports from our possessions ...	£106·8 millions.	
Exports to our possessions ...	117·5	,,
Business done with colonials and our possessions	£224·3	,,

Thus they prove that the former is much more important than the latter. They wilfully overlook the fact that

the credit side of our account with the colonies is a considerable one, and that the *debit* side of our account with foreigners is enormous—£140,000,000. I never yet heard in any business circles that an account which presents a debit side of over £140,000,000 per annum, as does our foreign trade, could be considered either a prosperous or a creditable one, but it appeared a short time ago to be the principal argument of so-called Free Traders that it was sound business to add the exports and imports together, and to claim the total result to our credit. Now that they recognise that the light of intelligence is beginning to dawn on their dupes, they have advanced 'invisible exports,' 'services rendered,' and 'interests due,' which they now claim as accounting for a deficit they can no longer ignore. And yet it is strange to notice that, while they are persistently arguing that the more imports we get the better it is for us, they are so eager to claim invisible exports, etc., in order to increase, by every method, the value of our exports.

It is not suggested that in the future any increase is likely to take place in these assets; even they have not had the temerity to claim any future prosperity to our country under our present fiscal system.

INCREASING LOSS.

But then comes the crux. The loss as between the value of our exports and our imports does not stop at £140,000,000, at which it stood, according to my figures, in 1901. No; it is *increasing*—as it has been increasing for the last thirty years—at about the rate of £5,000,000 per annum. Where are our astute financial guides going to get the extra deficit of £5,000,000 next year, and £10,000,000 for the year following, etc.? They have overlooked this,

otherwise they would have claimed a certain excess of invisible exports, as a credit, to be used in the future against increasing loss. Not having done this, they will, therefore, now be forced to face the certainty of paying these increasing deficits from our capital, or else of showing that 'interests due' are increasing. From this there is no escape.

As Sir A. Bateman cannot show that either 'interests due' or British shipping are increasing, they must admit that, in future, some step should be taken to obtain that which is the admitted axiom of all political economists, an equalization of exports with imports—to such an extent, anyway, as to avoid future increased loss.

THE FUTURE TO FACE: OUR LOSSES INCREASING.

Now, what has gone, has gone. The claims of the so-called Free Traders are grossly wrong and misleading. In any case they carry us no further than the present, and it is the future increasing losses we have to face. We have in the past paid for the *loss* between the value of our exports and imports, not only from the interest of the capital we have embarked in shipping, the interest we may have derived from foreign loans, the interest we have in foreign enterprise, but in the sale of our securities. These interests, earnings, and our capital have been used for this purpose to an extent which amounted between 1892 and 1903 to £1,220,000,000.

Is it not now time to adopt the axiom of all economists that 'exports should pay for imports,' and by following the example and tendency of the rest of the world, endeavour to legitimately balance our import with our export trade with foreigners, as we are doing with our export and import trade with our possessions.

AS THEIR EMOLUMENTS ARE GREAT, SO SHOULD THEIR PUNISHMENT BE GREAT.

It must be evident that many of the so-called Free Traders are wilfully propagating lying contentions, and are purposely deceiving their fellow-countrymen, knowing well the serious danger which now threatens the country.

Now, this question must be considered: Are the Opposition thus attempting to gain any advantage by upsetting the present Ministry? Undoubtedly they are! No one can, for a moment, seriously deny the obvious benefits they are seeking.

THE GOVERNMENT GAIN NOTHING.

It cannot be seriously contended that the Government are doing the same. They, in fact, risk the position they now have; all that would be necessary to retain their positions, with their great Parliamentary majority, would be to keep quiet, and go on with their programme of reform. But no: they risk everything in order, they say, to do their duty to the country.

Even if the Government win on this question, they gain nothing, and have incurred great risks and much worry and anxiety; while they stand to lose, all that the Opposition have been so earnestly striving for, should they fail to awaken the nation to the peril which, however small it may appear to others, is very real and very palpable to them.

THE OPPOSITION HAVE EVERYTHING TO GAIN.

But can this be said of the other side? They seek to gain goods which they have not; and in this attempt it behoves us to see that they use weapons which are recognised as honest and patriotic. That they are not playing

the game will be apparent as my book is read; otherwise I fear that I have written it in vain.

What is done to the criminal who obtains goods under false pretences? What is done to a clerk or servant who obtains a situation by false characters? What is done to a man who obtains charity by false letter-writing? They are one and all, when detected, punished as the law directs; but how often one feels the dire temptation which assailed them, the stress of circumstances, and the absolute absence of any harm done to their fellow-men in the offence they commit.

If, in order to deter others, it be found necessary to punish these poor wretches, what punishment is severe enough for those who, already endowed with wealth, position, education, and title, employ these gifts in deliberately endeavouring, by the *suppressio veri* and the *suggestio falsi*, to deceive their fellow-countrymen, to blind them to the necessity for action, and to disparage the work of the true patriots, merely in order to gain some additional honour, wealth, or position for themselves?

Do you think that any curse will be too deep to satisfy those who, in thirty years, have to reap the tares these enemies have sown?

The rewards and payments of our mercantile ships' captains are small; their position most onerous; their life a hard one; and yet their punishment is great if, either through accident, the carelessness of others, or a single mistake, they run their ship into danger or loss. How much greater ought to be the punishment of those who, grasping the helm of State merely for the great emoluments and honours which they obtain for doing so, reckless alike of their oath and the public welfare, deliberately run the ship of our national prosperity on the rocks and shoals of commercial loss and ruin!

CHAPTER XIV

THE PAST CONDUCT OF THE ADVOCATES OF SO-CALLED FREE TRADE SHOULD BE REMEMBERED

An astute American observed to me in October of 1903:

'I don't think you Britishers will be wise enough to protect your industries.'

'Why?' said I.

'Well, because even when you were at war, the other day, you were fighting among yourselves on a subject which was a national one, and not either fiscal or political; how, then, can you expect that on an important question like this, however much it might be to your advantage to act, you are ever likely to agree as to the right course? No, sir; you are, as a nation, too determined.'

He was polite, this American. 'Determined,' sometimes reads obstinate, pigheaded, or ignorant.

Pro-Boers as Free Traders.

The Boer War is past, but the lessons which it taught this nation are serious ones, and should not be forgotten. That it was a stern necessity is now admitted by everyone, but the country did not recognise, at first, the seriousness of the crisis.

There were men in the Government, however, who did—men who knew that even in their own Cabinet there were those who did not for the time grasp the momentous issues to the Empire which were involved. The former recognised that if they sent the forces to the Cape, which

they knew would be necessary, the country, excited by the pro-Boer cry, and influenced, as it would have been, by possible secessions from the Ministry, might possibly lose confidence in the Government, and, if guided by the pro-Boers, would probably have been led into the fatal mistake of submitting to Kruger's ultimatum.

Because of this, and knowing full well the danger it would be to the bonds holding our Empire together if England submitted to the Dutch insolence and threats, the late Lord Salisbury, Balfour, Chamberlain, and their party, with a

COURAGE WORTHY OF ALL PRAISE,

rather than see the reputation and solidarity of the Empire shaken, resolved to face a series of possible disasters in South Africa at the outset, and therefore it was, because they were unable to land sufficient forces in Africa to either overawe the Boers, or to insure success from the start, owing to the weakness of some of their friends and the unpatriotic opposition of the men who are to-day opposing Chamberlain, that the first dark days and the early misfortunes of the Boer War are directly due, and we, who are still mourning the loss of our dead, must remember that each drop of blood shed in South Africa demands the gravest considerations of the motives of these men, both as to the advice they offered our nation prior to, and during this war, and the assistance, encouragement, and support they thus gave our enemies.

OUR INDIAN FELLOW-SUBJECTS.

Never, for instance, was there a more unpatriotic question asked than by one Member of Parliament, who demanded to know, from Mr. Chamberlain, if 'the black

troops from India were going to be employed against white men in South Africa.' Well did this questioner know the Boers' fear of having to face the soldiers of our Indian Empire. But what was the answer? 'No, sir; it is not the intention of Her Majesty's Government to employ our Indian native forces in this Boer War,' or a reply to that effect. I read this answer while in Africa, and probably have forgotten the exact words used. What a chance, however, for crushing this questioner. 'Sir,' might have been said, 'the soldiers of India are your fellow-subjects They have as equal a right to fight for their Empire as any other members of it, and Her Majesty's Government reserves to itself the right to employ any such loyal subject in the Empire's defence against white men or black men—against Russians in India or Boers in Africa.'

It is, however, good for us that our lads fought and conquered, and it was good that our Indian fellow-subjects should see that we could fight and win without their aid, and probably this was also in Mr. Chamberlain's mind; but the questioner deserved crushing all the same, for it was not in his mind.

UNJUST CRITICISM.

Well, then, these very men who endeavoured, in every way, to hinder the Government and to check the sending of our troops, guns, and military stores to Africa; who protested against all and every step taken by the Government prior to and during the War, have now the effrontery to parade the country, and to try and cast discredit on Chamberlain and his scheme because the Government to which he belonged did not send sufficient troops, in the first place, to South Africa, and also because of the unpreparedness of the War Office.

This unpreparedness was not a thing of a few years, but of many. It was, to a very great extent, owing to its control by Liberal Governments in the past that it had been allowed to drift into the usual Liberal state of stagnation—their *laissez-faire* methods and policies, such as was suggested by Lord Rosebery in his plea—while he was still resting on the fence—for commercial repose, etc.

Had the Government tackled the question of reforming the War Office prior to the War, do you think the Opposition would have assisted them? Certainly not; they would have howled down any attempt at reform. What do we (Little) Englanders want with an army? Give us education, encourage the aliens, etc., would have been their demand.

EFFICIENCY.

Why did not Rosebery leave his lonely furrow some years ago and preach efficiency to the people? Surely it should have been apparent to him in his solitary aloofness that it was necessary. His recent call for efficiency is as late in the day as that of the poor lunatics who continued to scream 'Fire!' many days after the sad disaster at Hanwell. It recalls to me Mark Twain's efforts to see the sun rise from the Rigi. Mark Twain, being about twelve hours late in leaving his 'lonely pillow,' discovered that he was the laughing-stock of the evening promenaders, because he was worshipping the sunset in his pyjamas and nightcap.

LITTLE ENGLANDERS AND PRO-BOERS AT WORK.

Why is it necessary to drag all this in? Well, I will tell you. We have the same men, with the same motives and with similar tactics, at work throughout our country at the present moment. A question has been raised

which has nothing to do with the War, or with education, or with party politics, but which has everything to do with the work and welfare of our working-men. Men of all politics are joining the standard of Fiscal Reform, and yet so weak is the cause of the so-called Free Traders that Asquith, Bannerman, Morley, and the Little Englander and the pro-Boers are again joining forces in casting reproaches on the men they then attacked. They dip Mr. Balfour in the ink of the War Commission, and they are asking the country to distrust Chamberlain, etc., because of the misfortunes of the War, for which they themselves were so largely responsible. The harm they did, prior to and during the War, is apparently forgotten; the country permits their voices to be heard again. They will, in the same manner, in three years' time, be loud in the denunciation of the Protectionist Government (which may then be in power), for not having, forsooth, adopted Protection sooner.

DAMNING THE OPPOSITION.

Here is an extract from Lord Rosebery's last speech at Edinburgh, December 12, 1903:

> 'What does the War Commission say? "It certainly appears now," say they, "that with a greater amount of forethought in the arrangements generally, in the provision of stores and equipment and with the addition, perhaps, of another brigade, the situation in Natal might have been so strengthened that the whole course of the War might have been changed."
>
> 'These are terrible words; they burn down deep into the memory and the conscience of the nation if they be true, and they are the judgment of an impartial tribunal. Think how many lives now sacrificed might still be walking this earth—(cheers)—lives loved and cherished and honoured, the cutting

short of which has brought desolation to many a home. This judgment damns the Government.' (Loud and prolonged cheers.)

Why, these very words damn the Opposition, of which he is now a leader, far more than they do the hampered and embarrassed Government which his present party were, even on the eve of a war, trying to thwart, overthrow, and discredit for taking those steps which they *now* aver were too slow and too feeble for the occasion!

LORD ROSEBERY DECLARES PROTECTION UNTRIED.

In the same speech we have the following remarks *re* Protection:

'The policy is experimental; it is empirical, if not Imperial; it is untried, unsolicited, unproved.'

(Unproved! By whom? By the Americans, the Germans, the Australians, the Canadians, the French?)

'*It may, of course, succeed.* I am no prophet. I do not pretend to the superior gifts with which some statesmen are endowed.'

(And when it does succeed, and when in the future a Commission has reported that Protection should have been adopted earlier in the day, we shall have him damning the Government for not having sooner enforced it.)

'But I see commerce prospering, I see the Empire prospering, I see the great communities that inhabit these islands prospering *beyond the dreams of those who live under Protection;* and I, for one, at any rate, will have no hand in arresting that development, or striking a blow which may be fatal to the majestic structure of our commerce and of our Empire.' (Loud and prolonged cheers.)

Of course, if the people of this country choose to believe that our trades, and the inhabitants, are prospering beyond the dreams of the Americans, the Germans, the French, and our colonists, they must fall into the mire in which Lord Rosebery and his party are now striving to entice them.

CHAPTER XV

LORD ROSEBERY AS AN ADVOCATE

WITH every advantage which Fortune could shower on him the man's opportunity came—the hour was potent for good, the nation ready, the question grave, the cause a just one, and he failed.

The lost chances of his past sink into insignificance when compared with this, the great opportunity of his life.

He has left his furrow, it is true, but after climbing the fence of efficiency crying for commercial repose, he has wobbled on the top of it, and has finally been pulled off into a mire, the mud of which will adhere to him for many a day.

On October 14, 1903, at Sheffield,

LORD ROSEBERY SAID:

'Now, I say that Mr. Chamberlain, to win his case, has to prove that Free Trade has failed to secure prosperity for the country.'

'I say there is not a vestige of truth in any one of these propositions.' (Cheers.)

'Put your hand where you will, and you will not find anything but proof of increase and

ABOUNDING PROSPERITY.

Our foreign trade is £880,000,000 sterling annually.'

Here, indeed, is the *suggestio falsi* as well as the *suppressio*

veri. His hearers are led to believe, from the immense figures—£880,000,000—which he quotes, that our trade is one of 'abounding prosperity.' He obtains these figures by adding the value of the goods we buy, or our imports, to the goods we sell, or our exports, suggesting that the total result is in our favour.

He suppresses the fact that the value of our purchases exceed our sales by over £180,000,000 per annum, and that the greater part of this is a dead loss to England in her trade; but he gives us the lump sum as an evidence of his contention that Chamberlain is wrong.*

Again he says, later in the same speech:

> 'I have spoken to little purpose if I have not made it clear to you that I cannot accept this new policy. I cannot leave the brilliant known under any guidance or under any prophetship for the dark unknown.'

By 'brilliant known' he is, of course, referring to that abounding prosperity to which he had just alluded.

Now, we will follow our political weathercock to the Leicester platform,† and see how gently he trims his glittering figures to suit the audience, who are, perhaps, not quite so ready to accept the 'abounding prosperity' assertion as the Sheffield audience were three weeks before. He was in an optimistic mood for the moment. He said:

* Mr. Morley at Arbroath January 18, 1904, said the returns for 1903 showed that their external or oversea trade had been greater than ever. Here, again, is the *suggestio falsi*. The value of the excess of our imports over exports in 1903 was £182,459,009, in addition to which we sent or paid away £13,000,000 more in bullion than we did in 1902 (see Appendix, pp. 218 and 222, Commerce for 1903). Why does Mr. Morley not mention these facts?

† Leicester, November 7, 1903.

'All figures show an enormous increase in the wealth of the country and a steady, certain rise in the trade of the country from the time of the introduction of Free Trade.' (Cheers.)

LORD ROSEBERY'S FREE TRADE METHODS.

'Our aggregate foreign trade—and now I am going to give you one of my only three figures—our aggregate foreign trade: Suppose we divide into 100 the aggregate of the four great trade nations of the world; of that Germany has 23 per cent., and—I leave out the fractions—France has 20 per cent., the United States 19 per cent, and poor, wretched, paupered, starving England, about to change its fiscal system because of its failure, has something over 37 per cent.' (Cheers.)

But is it not pitiable to think that these listeners, rich with all the wealth of pamphlets showered on their head by the Tariff Reform League, are yet so blind as to cheer such a statement?

A DIFFERENT ASPECT.

He does not give the year, so we will assume he means 1901, in thus dealing with the aggregate foreign trade of the four countries as divided into 100 parts. He suppresses the fact that the relative proportion of his figures assume quite a different aspect when they are split up as shown below—the *suppressio veri* again. He deliberately tries to convey the impression that England has an enormous advantage in her trade—profiting her 50 per cent. more than Germany and about 100 per cent. more than France or America, whereas it will be seen from the following tables that England, in proportion to her trade, loses twice as much in the excess of her imports over exports as Germany, and six times as

much as France; and while America makes a profit of 21 per cent. on the total value of her exports and imports, England loses 21 per cent. on the total value of hers. Consequently, the greater the total value of England's imports and exports, so long as her excess of imports go on increasing, so much the greater will be her loss.

ROSEBERY'S FIGURES ANALYZED.

Lord Rosebery's Figures of the Aggregate Trade		Split up into	
		Exports.	Imports
Of which Lord Rosebery says:	Per Cent	Per Cent.	Per Cent
Germany had ...	23	10·3	12·64
France had . .	20	9·7	10·3
United States had	19	11·5	7·5
England had ...	37	14·8	22·2
Total ...	99	46 36	52·64

It should be noticed that while England's imports are exactly 66·6 per cent. greater than her exports, the reverse is the case with the three Protectionist countries, whose aggregate excess of exports over imports is as 31·5 to 30·5 (see Lord Goschen's speech, p. 121).

Putting the loss or gain made by each country, between imports and exports, in fractional parts of Lord Rosebery's figures, they appear as follows:

Germany loses	$\frac{1}{10}$	of the 23	per cent.
France loses . . .	$\frac{1}{33}$	,, 30	,,
America gains about ...	$\frac{1}{5}$	,, 19	,,
England loses	$\frac{2}{9}$	,, 37	,,

Now, taking these percentages as showing the excess value of imports over exports, or the gain or loss per cent. in trade for the four countries, this is the table Lord Rosebery should have shown at Leicester. Using his own figures to start with again:

	Per Cent. of the Total Trade.		Per Cent. of the Value of their Total Trade.
Germany* had	23	but loses	10
France had	20	„	3·3
America had	19	but gains	21
United Kingdom had	37	but loses	21·5

Now: Are these serious figures the ones Lord Rosebery wished his audience to accept as evidence of our abounding prosperity?

Lord Rosebery, up to this point of his speech, has been of an optimistic turn of mind; he has evidently been somewhat criticised as to the figures given by him as proving the 'unbounded prosperity' of our trade when at Sheffield, and so he has wrapped them up in another parcel, which I have just analyzed. He, however, goes on to say in a more pessimistic strain:

CHANGE TO PESSIMISM.

> 'The second objection, which Mr. Chamberlain says is one of the only two that are urged against his (Chamberlain's) scheme, is that he (Lord Rosebery) has said that everything is very well as it is. *No one* that I know has ever said anything of the kind; no one has said so, and nobody *thinks* so.'

So he evidently did not really *think* what he said, and he evidently, therefore, did not 'know himself.'

> 'Who has said that all is well now? That is not the doctrine I am here to preach. (Hear, hear.) All well? God forbid! How can we say that all is well? Agriculture, I admit, is in a crippled condition, though, perhaps, not much worse than agricul-

* I am assuming for the moment that it is a commercial loss to any country when its imports exceed its exports. The invisible exports earned by each of the above countries are excluded in the above tables.

ture in other parts of Europe. Education, where is that? (Cheers, and a voice: "Gone wrong!") When are we going to have a national system? (Loud cheers.) Can any of us be blind to the hideous curse of intemperance, which hinders our progress as a nation far more than any hostile tariffs? (Cheers.) Are we so blind as not to see almost annually the great procession of the unemployed*—(hear, hear)—due, I think, very largely to the almost insane migration from the country into the towns, but, nevertheless, a blot on our social system which will prevent the most animated optimist in the world from saying all is well?' (Loud laughter.)

Sake's alive! why the loud laughter? Is his change of opinion so very amusing?

ANOTHER LIGHTNING CHANGE.

November 26, 1903, Lord Rosebery at the Surrey Theatre:

'If there is anything to justify Mr. Chamberlain's Jeremiads, surely you must put some of it down to the *enormous* and *extravagant* expenditure into which you have been led. The Government expenditure for the current year, including capital expenditure, was £150,000,000. But that is not your only expenditure; the municipal expenditure of the year 1900-01, including capital expenditure, was nearly £134,000,000. Now, if you think that any nation, however rich, can spend £300,000,000 a year without *crippling* its industries, without impairing its purchasing powers, you are living in a state of delusion in which it is useless to argue. (Cheers.) If Mr. Chamberlain had set himself to *curb* the *gross* and growing expenditure, he would have deserved well of his country.' (Cheers.)

Now observe how Lord Rosebery proceeds the next day to 'curb' this 'gross' and growing expenditure of his

* Is this a sign of 'unbounded prosperity'?

country, and notice the 'state of delusion' into which he has fallen when meeting representatives of the municipal authorities of London.

APPROBATION, NOVEMBER 27.

November 27, 1903, Lord Rosebery unveiling the Lord Macaulay Tablet:

> 'My heart always warms to the London County Council. I follow its doings with the closest interest and admiration, and when last night I spoke of municipal expenditure, I did not wish my remarks to apply to the London County Council.'

Within a few hours he has discovered that one-half of the £300,000,000 expenditure, to which he has alluded as 'gross,' 'impairing,' and 'crippling,' has been wisely and economically spent. Perhaps he may yet awaken to the fact that the remaining half has been even more wisely and judiciously spent by the Government, and I wonder whether he will then express his regret to Mr. Chamberlain for insinuating that he (Mr. Chamberlain) was neglecting his duty because he had not attempted to 'curb' this 'gross' and growing expenditure of £300,000,000 per annum.

This gives another example of the marvellous celerity in which he trims his figures and statements to suit his audience:

THE WEAKNESS OF THE SO-CALLED FREE TRADER'S CASE.

The weakness of the so-called Free Trader's case is daily becoming more painfully apparent, and such orators as Mr. Asquith and Lord Rosebery are seriously devoting a considerable part of their speeches to the task of painting imaginary but vivid pictures of problematical

difficulties, which they wish their listeners to believe may occur when the United Kingdom has decided on adopting Protection, the universal trade system of all other modern nations.

The following are two instances:

MR. ASQUITH.

Mr. Asquith, at Newcastle, October 24, 1903, declared that the protection of our home industries will lead to 'tumult of voices,' 'juggling of interests,' 'intrigues,' 'lobbying,' 'confusion,' 'bickerings,' 'international negotiations,' 'immeasurable delay,' 'mutual misunderstandings,' etc.

LORD ROSEBERY.

Lord Rosebery, at Leicester, on Saturday, November 7, 1903, said:

> 'We have our curses, we have our evils, etc., but the remedy is not Protection.' 'Under the baneful shadow of Protection there grows up every form of self-interest and almost every species of corruption.' 'A hundred giants spring up behind you.' 'They fight every election, political or municipal.' 'They haunt the lobbies of your Parliament and corrupt your legislators.' (Cheers.)

Truly a nice conception of the state of affairs in Victoria, Canada, France, Germany, etc. What justification for these hysterical screams can these men possibly show? Is there any parallel instance, in the history of any nation, to warrant a supposition such as they present to their audiences? When other nations have thrown aside the delusions of Free Trade and adopted the security and prosperity of Protection, has history recorded any such pandemonium as that which appals Mr. Asquith

and Lord Rosebery? Apparently they have so little faith in themselves, or their countrymen, as to assume that our representatives are suddenly going to become corrupt; the sport of intriguers; the jugglers of interests. Well, for my part I sincerely thank Providence that men who apparently, from their own convictions, believe such events possible, are not going to be subjected to such temptations for some time to come.

Even if such a state of affairs ever existed, except in their own brains, I have no doubt that the great advantages and profits which the protection of their home industries have given these foreign nations, and our colonies, have very effectually repaid them for any worry or trouble they may have had while effecting the alterations.

One might almost expect Messrs. Rosebery and Asquith to appear in public singing some such doggerel as the following, with Mr. Bryce and others singing the same stuff in the distance:

A DUET AS SUNG BY ROSEBERY AND ASQUITH, WITH CHORUS BY GALLERY.

LORD ROSEBERY.

When Protection's rank clouds are around you,
And the tariff on goods are discussed,
What crowds of corrupters and bribers
Their own interests will strive to adjust!

ASQUITH.

Sure, the trouble there'll be at the meeting--
Sure, the language will not be serene;
While its turmoil, confusion, and fighting,
Will break out when they meet on the scene.

THE GALLERY IN CHORUS.

We never have heard that in Germany,
In America, Melbourne, or Spain,
Or in countries where trades are protected,
The corrupters a trouble became.

LORD ROSEBERY.

They'll corrupt all your pure legislators—
They'll haunt all the lobbies in Town;
There giants will spring up around you,
The duties to force up or down.

ASQUITH.

Sure, the voice of them all will be deafening,
While the jugglers of interest base,
With intriguers, confusers, and lobbiers,
The committees of duties will chase.

THE GALLERY IN CHORUS.

Yet you never need fear that for some time
You'll be worried by these things, if true
There are stronger men going to guide us
Than Bannerman, Asquith, or you.

VISCOUNT GOSCHEN (LATE CHANCELLOR OF THE EXCHEQUER).

Here is another instance in which absolute misstatements are unblushingly served out to an audience by a so-called Free Trader. The speech is quoted and praised as 'brilliant' by the *Westminster Gazette*, from whose columns I quote.

Viscount Goschen, at Newcastle, January, 1904:

> 'The aggregate of the imports of all countries enormously exceeds the exports of ALL countries' (see p. 78, *re* American exports and imports). 'Exports had fallen short of imports by *gigantic strides*, taking the whole of Europe and other countries' (see pp. 32, 82, 115, etc.). 'Imports were valued at their value when they arrived in this country, or in any other.' (Cheers.)

This is absolutely wrong. America, for instance, values her imports at their f.o.b. price. A reference to the pages I have given will show how misleading this noble lord's speech is.

CHAPTER XVI

JOHN MORLEY, ANOTHER ADVOCATE OF FREE TRADE, ON THE GERMAN HELL

IT is not only in the commercial rivalry between England and Germany that methods are being daily exhibited to us which require the most careful consideration and thought on our part, but in every branch of its internal domestic life the German nation presents to us examples well worth following.

Take, for example, a German with a sound knowledge of some business, and who has the funds necessary to start a branch of this industry. If he intends to manufacture goods he does not go to the neighbourhood of some city where competition in labour is keen, and where skilled men are eagerly sought for; where land is expensive and water scarce. No; he goes to the country and selects some suitable spot, as near as possible to some railway-station, and where he can, if possible, obtain water power. He buys his land at a moderate figure, selects a few skilled workmen, and starts his industry. He teaches the children and the surrounding peasantry the rudiments of this trade—it may be the hat, the clock, the straw, or the wood-carving trade. Taking thus the raw material of the labour in the surrounding district, and assisted by a sound technical education, which his country willingly and freely gives when wanted, he speedily rears a community of skilled artisans, whose surroundings are better, whose wages are higher, and whose circumstances are in every respect improved. These

people would share in the pleasant, honest, and contented life, common to Germany, with plenty to eat, something to spend on pleasure, and a respected old age to look forward to. The advantages the workpeople of Germany enjoy, when compared with ours, can be fully realized by reading the excellent series of articles on the industrial condition of Germany, which appeared in the *Times* during September and October, this year.

A MODEL TO THE WHOLE WORLD.

The small towns and villages throughout Germany are a model to the whole world. Every inducement is held out by the Government to encourage a high standard of public morality, cleanliness, patriotism, honesty, thrift, and piety among the country people. The objects aimed at there, as in England in the old days, are that the youth of the country should be brought up with some love for their parents, some knowledge of their God, and some devotion to their country and respect for its laws. The villages are clean, the land is cultivated, the factories busy; and yet we have our would-be leaders with so little knowledge of this subject, or so little honesty to spare for the education of their listeners, that they will, like Mr. John Morley, have the effrontery and ignorance to assert, as he did at Nottingham on November 3, 1903, that 'so far from Germany being a paradise for working-men, it was not even purgatory, but a lower stage.' The next stage lower to purgatory is 'hell.' I don't see why Mr. Morley should hesitate to give utterance to this word: he meant it. If his utterances about Gladstone are no truer than those about Germany, God help the people who depend on his biographies for their knowledge of mankind!

MOSELEY WORKING-MEN'S COMMISSION.

Now, this was the sort of rot held up to our working-men in 1886 as to the state of his brother working-man in the States. A Royal Commission was appointed, however, in 1886, during a depression of our trade, who reported that :

> 'The cost of living in the States, the most highly protected country in the world, is only 10 per cent. more than the cost of living in this country, but then the wages are 80 per cent. more in America.'

The recent Moseley Working-men's Commission to the United States shows that the advantages of *wages* and *living* are *all round* 25 per cent. better in America than here.

GERMANY IS A HELL FOR WORKMEN.

Well, the result of these commissions has effectually prevented the leaders of the so-called Free Trade from further reference to the prospects of the American workman, and so they turn to Germany, dropping any further reference to America like a red-hot brick, and trying a similar campaign as regards Germany, which is also a highly protected nation ; and his listeners are now told by Mr. John Morley that Germany is a hell for workmen.

Here are some facts established by the Board of Trade :

GERMAN WAGES.

The Labour Department of the Board of Trade has published some facts concerning German wages. In Germany, under a Protective tariff, there was a marked advance in wages between *1890 and 1896, though in these years wages were stationary,* or actually *declined, in England.* Coal-miners' wages in England *fell from* 100 *to* 76, according to trustworthy figures, while coal-miners' wages in Würtemburg (Germany) rose.

Here is evidence from a private source:

HIGH WAGES IN GERMANY.

So far back as 1895 it was stated, by an Englishman employed in one of the large German ironworks, to the members of the Iron Trade Association:

> 'Undoubtedly our men (in Germany) *are better off than the men in England. We pay, generally speaking, higher wages.* You have some few men who get higher wages than any men in our works, but over *the whole of our men we get higher wages than you pay.*
>
> 'At the same time, money *goes further in Germany than in England, notwithstanding taxes on food.*'

There is, however, no necessity of piling up more evidence in order to corroborate the above facts. The condition of the working classes in Germany has steadily improved since this letter was written in 1896, both as regards work, wages, and comfort. Can we say the same with regard to ours?

COMMISSION OF WORKING-MEN.

Now, why, if Mr. Morley is honest in his belief that Germany is a hell for its workmen, does he not propose a Commission of working-men to investigate this deplorable state of affairs? What a triumph it would be, and what influence it would have at the present time, if he could establish the truth of this assertion! But no; the principles of his party are: 'Throw mud; some of it will stick.' Neither he nor his party are so blind to their own interests as to suggest such a Commission.

THE GERMAN SAVINGS BANKS.

Here, however, are more facts: The Germans have nearly £2 per head of its population in their savings banks to £1 per head of ours. Does this look like hell?

In Berlin, and other big cities of Germany, one does not see long processions of unemployed working-men parading the streets from morning until night.

Out of Print.

It is most curious to note that under the many headings contained in the statistics prepared under the control of Sir Alfred Bateman, a comparative statement is not shown as to the relative position of pauperism and the unemployed in England, Germany, America, France, etc. The only Blue-Book on the subject, the Abstract of Foreign Labour Statistics, 1899 and 1900, has been allowed to go out of print.

It is impossible to obtain,* therefore, official figures as to the relative position of the United Kingdom, and other nations, not only as regards pauperism, but as to the unemployed.

Odious Comparisons.

If the United Kingdom were in a favourable position as regards other nations, I am certain that the advocates of our present so-called Free Trade policy would have seen that the facts were published far and wide; as she is not in a favourable position, the odious comparisons are not forthcoming.

However, Mulhall's estimate of the amount spent in various countries to relieve the indigent, are as follows:

United Kingdom ...	£11,800,000	a year =	73d.	per head of population.
France	7,400,000	„ =	46d.	„
Austria	710,000	„ =	8d.	„
Italy	2,600,000	„ =	20d.	„
Holland	500,000	„ =	25d.	„
United States ...	500,000	„ =	2d.	„
Australia	800,000	„ =	48d.	„

* December, 1903.

This table shows that the percentage paid by each member of the respective population of these different countries in the relief of their poor are as follows:

For every £100 spent in relief by the United Kingdom—

Australia	spends in	proportion...	...	64	per cent.
France	,,	,, ...	...	63	,,
Holland	,,	,, ...	...	34	,,
Italy	,,	,, ...	...	27	,,
Austria	,,	,, ...	...	10	,,
America	,,	,, ...	...	3	,,

As far as Germany is concerned, the following remarks on the poor of Germany will at once show in what a favourable position they stand when compared to England. I take my facts from one of the articles mentioned before in the *Times*, under the heading of 'Industrial Condition in Germany.' Regarding 'tramps' the writer says:

> 'They (the authorities) are certainly very successful in suppressing the "tramp" or "hobo." I have only once seen one.'

I have myself travelled somewhat in Germany during the last ten years, and do not remember seeing one.

Five Towns in Germany.

Taking the following five towns in Germany—Dusseldorf, Chemnitz, Elberfeld, Aachen, Crefeld—with a total population of over 800,000 inhabitants, the workhouse paupers numbered 1,582.

Five Towns in England.

Comparing this with five towns in England—Sheffield, Oldham, Bradford, Blackburn, and Rochdale—having a total population of over 1,000,000, the number of people in the unions were 5,909—that is to say, that the paupers

in these English towns were as 4 to 1 when compared with five towns of nearly equal size in Germany.

Now, in 1885 the pauper population of Germany exceeded that of England. Since the German tariffs have been increased, in 1885, pauperism has decreased considerably, until, as I have shown, it is now, if the above towns can be taken as the average, very considerably less. This is a striking fact when considering the advantages of Protection.*

THE WORTHIER WAY.

I may quote one sentence from the article in question:

> 'On the contrary, I have no hesitation in saying that if there is in Germany far less giving in the way of direct charity, there is far more general recognition and fulfilment of personal duty towards the poor than in England or America. To me it seems the worthier way, and productive of better results.'

As far as the poor are concerned, the state of Germany is much better than that of England.

As far as the unemployed are concerned—that is, workmen unable to obtain work in their own trade when capable of doing work—their number is extremely small. The Germans, however, number sailors and soldiers on leave, etc., as unemployed. While among the protected ranks of our trade-unionists over 6 per cent. of skilled workmen are out of employ, to say nothing of the much larger percentage of non-unionists who are unemployed.

The German exports are increasing; their shipping is increasing, their navy is racing ahead; they flood our home markets with their goods, wrest our colonial trade from us, and control our finances. They fill our streets, our offices, hotels, and tell us what they mean to do when

* See Appendix V. as to Emigration.

their navy is strong enough. They openly suggest buying up our needy politicians, our papers, and dominate the membership of the central organisms of our so-called Free Trade, the 'Cobden Club'; and yet, according to Mr. Morley, the position of the backbone of this German nation, its workmen, is not one to be compared to purgatory—oh no, worse! What is worse than purgatory? *Hell!* And we, of course, are so much better that any comparison must be in our favour (*sic*).

PROFESSOR MOMMSEN.

We have, at this moment, no such foes in the world as the Germans, and it is folly to forget it, and because they are both wealthy and prosperous that they are not to be despised. The appeal of the late Professor Mommsen, the German historian, for a better understanding between the Germans and English, appears to me to be very late in the day. Whatever may have been his motives, the people of this country would have attached more importance to such a suggestion had it been made at any time during the past five years.

AMERICAN KNOCKABOUTS.

Coming, as it does, just when we are preparing to get a little of our own back again, it reminds me of the amusing nonsense of the two American knockabouts who used to perform on the London stage. One would start fighting before his opponent had put his gloves on, punching him most unmercifully, and knocking him all over the stage; but as soon as the punched one was ready to protect himself, the other would scream, 'Time, time!' and cease his attacks.

CALL A SPADE A SPADE.

It is not considered good form—God save the mark!—to call a spade a spade. But if my countrymen are such fools as to forget the malignant hostility, the abuse of our soldiers, the gross caricatures of everything we hold sacred, indulged in throughout the whole of Germany and Belgium, as well as the open support, assistance, and advice given to our enemies, and fail to remember the manner in which these Germans have taken every unfair advantage of us in our commerce at home and abroad, then they deserve to feel, and probably will feel, what the Poles are now having to bear, the tyranny and despotism of the bully, whose every movement has of late years been alive with a hatred for England which she did not attempt to disguise. But though I say this, I am particularly alive to their strength and power, and such remarks as those of Mr. Morley can only do harm to the people of this country, who may be led to despise the German and his methods, instead of being alive to the danger of both.

LORD ROSEBERY AT LEICESTER.

Listen to Lord Rosebery at Leicester, November 7, 1903:

> 'Agriculture is, I admit, in a crippled condition. Can any of us be blind to the hideous curse of intemperance? Are we so blind as not to see annually the great procession of the unemployed? A blot on our social system, which will prevent the most animated optimist in the world from saying all is well.' (Loud laughter.)

Listen to the following authority:

> 'If German working-men spend comparatively little money on drinks, they waste still less on gambling' ('Industrial Condition of Germany,' the *Times*, October 13).

THE LIBERAL LEADER.

Here is Sir H. Campbell-Bannerman, the Liberal Leader, on the prosperity of England:

> 'In this country we know—thanks to the patient and accurate scientific investigations of Mr. Rowntree and Mr. Charles Booth, both in different fields and by different methods, but arriving at the same result, which has never been questioned—we know that there is about 30 per cent. of our population *underfed*, on the *verge of hunger*, *doubtful* day by day of the *sufficiency* of their *food*. Thirty per cent.! What is the population of the United Kingdom? Forty-one millions. Thirty per cent. of forty-one millions comes to something over twelve millions—almost identical, as you see, with the whole population of the colonies.'

GRIP OF PERPETUAL POVERTY.

> 'Surely the fact that about 30 per cent. of the population is living in the grip of perpetual poverty is, or ought to be, a sufficient answer to the Prime Minister's complacent suggestion' (extract from the *Times* report).

Has Mr. Morley seen anything in any German paper equal to the following cuttings, I have seen many of such in English papers? I may mention that some are from the eloquent pen of Mr. Edgar Wallace. Here is London:

> 'It is perfectly true what the Minister said, for the real distress of the real unemployed is not an ostentatious distress. It is a thing unadvertised by picturesque dirt; it is a thing you stumble on. If you take a train to Canning Town, and, walking down the Victoria Dock Road, turn off into one of the side streets, you will see sights that you will remember all the days of your life. You will carry away memories that will sit on the rim of your glass

as you lift it to your lips; that will come between you and your caviare; that will lie with you between cambric sheets and keep you wakeful.

'"The poverty in the Victoria Dock district," says Pastor Hills, "is appalling."'

'And remember that the people of this district are mostly hard-working, honest artisans and labourers. The case I cite is only one in hundreds. It is no exaggeration to say that fully two-fifths of the inhabitants of this district are destitute, and that two-fifths more live from hand to mouth. For, be it noted, among the artisan class as real and as widespread distress exists as in any other. People who are suffering as much as any have hitherto been in possession of a Post-Office savings account book.

'Briefly, of the 562,954 trade unionists of the country, 6 per cent. are workless.

'Even these figures, significant as they are, serve only as an indication of the distress of the untabulated workers. The half a million shown in the return compiled by the trade-unions represents but a twentieth portion of the working population of England, to which London alone contributes a million and a half of both sexes. All the workers of London are not trade-unionists. That is a thing to be remembered when dealing with the figures supplied by the Board of Trade.

'The union returns show the number of society men engaged in the building trade as 8,509. The figures given in the census of 1901 place the number at 149,962! We know of the distress among that 8,000, but what of the odd 141,000? Assuming that the same percentage of men lacking employment applies to the outsiders—and it is very certain to be much higher—this gives us a total of 7,498 men of the building trade alone at present workless in London. Apply the 6 per cent. test to the whole working population of England, outside of agriculture, and you have, at the lowest estimate, an

army of 600,000 workmen at the present moment unemployed.'

This extract is by another writer :

'With the first pinch of winter there comes the cry of distress from the East End.

'It is an ominous cry, foretelling a period of destitution which authorities fear will greatly exceed that of the years when thousands of workless, homeless, and foodless men paraded their woeful state in the streets of London.

'There are double the number of out-of-works on the books of the Salvation Army than there were at this time last year, and every night between 3,000 and 4,000 persons are being turned away from the shelters to sleep in the streets. "I regard the outlook as the blackest for seven years," said the chief of the Social Wing.

'Rapidly the conditions are worsening. "Men are losing their employment by thousands," says Mr. S. Forde Ridley, M.P. for the South-West Division of Bethnal Green. The general depression in trade is responsible.'

'A HUNDRED LITTLE HELLS.'

Here is Birmingham—'*a hundred little hells*' :

'Birmingham moves out of its nice villa and goes into rooms. And from rooms in a decent neighbourhood to rooms in a slum is as short a step as from the Stock Exchange to the racecourse. If you have never seen a Birmingham slum, you have never seen abject misery at all.

'There is something in the air that makes it different from other slums—the reek of strange acid fumes, the pungent odour of unsymbolized gases. Wedged between high, grim factories, their blank walls are an epitome of the life the people live beneath their shadows. Overlooked by great dirty

stacks that belch black clouds of smoke unceasingly, the wretched hovels of the poor of Birmingham stand typical of the misery of their tenants. Up narrow lanes and grimy courts, away from the sunlight of God or the pitying glance of man, live the men and women for whom there is no work, and consequently no hope.

'Honest, decent poverty elbows vice and the "peaky blinder." The workman's wife must perforce share house with the slut. It is a deplorable picture, but it is an everyday phase of that question which pompous theorists have christened "The Unemployed Problem."

'All the stodgy titles in the world cannot disguise the fact that here in the heart of England, in London, in Birmingham, in any manufacturing town, is being called into existence by some agency, or through some national defect, *a hundred little hells*.'

Here is the voice of a London Magistrate:

'"It is a frightful state of things. Such people herd together like pigs, and they must be taught that it cannot be allowed in this country."

'This was Mr. Cluer's comment at Worship Street yesterday after listening to a series of cases in which aliens were fined for overcrowding sleeping apartments with persons of both sexes.

'The prosecuting solicitor said that the Bethnal Green Borough Council had found the overcrowding among the alien population, which had absorbed whole streets of the district, to be so terrible that extra inspectors were appointed and midnight visits paid.

'The state of things discovered surpassed even what was believed. Some of the defendants, tenants of a single room, were found to have sub-let the apartment, and adult males and females, herding together, were sleeping sometimes in boxes or on the floor.

'In one instance, in a room 14 feet square, a man

and his wife, another woman, a youth aged nineteen, a girl aged thirteen, and a baby were sleeping.'—*Daily Mail*, November 19.

Here are a few items I notice while going to press:

'*Sheffield.*—Hundreds of men are being discharged each week in consequence of the depression in trade. The unskilled labourers are the chief sufferers. Relief works are to be started.

'*Liverpool.*—The secretary of the Dockers' Union estimates that over 20,000 men arrive at the docks every morning to do the work of 15,000 labourers.

'*Birmingham.*—For over six months 3,000 hands have been thrown out of employment.

'*Newcastle.*—It is estimated that 10,000 workmen are either unemployed or only partially employed on the banks of the Tyne; of these, two-thirds are to be found in the vicinity of Newcastle and Gateshead.

'*Leeds.*—Two thousand two hundred men have signed the register for unemployed at Leeds.

'*Leicester.*—There are 10,000 workmen making short time in Leicester, as compared with 5,000 at the same period last year. The local trade unions take a serious view of the situation.

'*Kettering.*—Unemployed workmen are parading the streets with a cart, into which they invite the benevolent to cast their spare bread.'

And this country, in spite of these recent opinions, is so prosperous that Mr. John Morley has the audacity to assert that the condition of Germany can only be compared as "worse than purgatory"—that is, "a hell"—for German workpeople!

CHAPTER XVII

THE PROTECTION OF ITS PEOPLE AND THEIR INDUSTRIES SHOULD BE THE FIRST DUTY OF THE GOVERNMENT OF A COUNTRY

FRANCE.

IT has been discovered in France, where the agricultural industry is protected and encouraged, that the agricultural population, while supplying the foodstuffs of the towns, do not take a full equivalent, of the goods of the town, for the imports they send in, and consequently take the balance in cash.

OCTROI.

This would eventually drain the town of its capital, unless the town had other methods of making money always in excess of its loss in trade with the country. In any case the town very wisely says to the countrymen: 'No; you take advantage of the market we offer you, and we accept your trade; you do not pay any portion of our expense in providing this market, and you do not trade equally with us; you spend much of the money we pay you in your local villages, in travelling cheapjacks, or in other towns; and therefore we tax you for the privilege we afford you.' This octroi preserves, to a certain extent, the balance of affairs between the two.

LOW PRICE.

This protection of the interests of the people of the town by placing an impost on all countryside goods entering its gates, does not increase the price of commodities of the town; the tax is paid by the farmer or countryman, the keen competition of the sellers in the

market-place, etc., effectually keeping the price of their products at a low price.

PROFIT IN EVERY WAY.

I consider this a parallel well worth consideration when discussing the value of Protection. The towns where an octroi is established, profit in every way. In the first place, they obtain a substantial revenue. In the second place, they are supplied with the best products of the countryside, because, the duties being equal on goods of any particular class, whether of good or bad quality, the importers do not care to pay the duty on the latter, as they not only have a greater difficulty in selling them, but when they do sell them, make less profit in proportion to the impost and cost of carriage, etc. In the third place, the duty, having been imposed, is not subject to any rebate; for this reason it does not pay the importers to bring their goods into a town, pay the octroi, and then have to take them home again; so the goods, once brought into the town, are taxed, and have to be sold at the best price they can fetch, the competition effectually keeping the price down, to the benefit of the townspeople.

GOOD RESULTS.

Even in goods, therefore, which a country or tow cannot itself produce, good results should follow taxation of imports, but how much greater this benefit becomes when the country or town can produce these goods within its own boundaries! How unjust it would be to allow the countryman (*i.e.*, outsider) a free and untaxed use of the town markets, when that town had devoted a considerable portion of its valuable ground to the creation of home production—*i.e.*, a market-garden industry—and had spent and was spending much money in the erection, control,

and management of an elaborate market-house, etc. What chance would the town market-gardening industries have against the outsiders, who would obtain their land and labour at a much cheaper rate than the townspeople, and so undersell the producers of the town.

Well, here in England we are doing ourselves this injustice. We are paying daily for the upkeep of our market. We are devoting our time, money, and energies to home produce, and yet we are admitting the outsider to a free and untaxed use of our home market, who can, like the countrymen, obtain their land or labour at a much lower rate than we can, and so undersell and ruin our home-producers, while spending the money they take from us in their own country, perchance in building a navy which they hope in future will defeat ours.

MAKE THE FOREIGNERS PAY.

The question arises: What are we to do to stop any further loss to ourselves?

To begin with, we should make the foreigners pay for the use of our market; in other words, the use of our shop-fronts and for the protection our roof affords them. One hundred and forty-seven millions of manufactured and partly manufactured goods were sent into this country in 1902, every pennyworth of which could and should have been manufactured by us or by our colonies. Why should foreign goods not be taxed? Why should not our revenue be increased at the expense of the foreigner?

The Free Traders at once say, 'Oh, but that would increase the price of these commodities in England.' Precisely; *for a time* it would perhaps increase the price of *foreign* commodities, but it certainly neither could, or would, increase the price of English-made articles of the same class. The increased production of these latter would

certainly tend to lower the home price, and the foreigner would therefore, if wishing to compete with our manufacturers, not only have to pay the duty, but lower their price of selling in order to compete with the home-made article.

ADAM SMITH.

As a retaliatory* measure it would undoubtedly tend in the future to open to us again the foreign markets; that retaliation in duties has produced good results is a matter of history. It has even Adam Smith's authority. In the 'Wealth of Nations,' Book IV., Chapter II., he says:

> 'There may be good policy in retaliations of this kind when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The *recovery* of a *great foreign market* will generally more than *compensate the transitory inconvenience of paying dearer during a short time for some sort of goods.*'

The important American paper, the *World*, says:

> 'What Mr. Chamberlain proposes is not Protection, but reciprocity among forty—say, rather, three hundred—million people. It is the policy which Mr. Blaine recommended for his country, and Mr. McKinley urged in his last and greatest speech. For us in America Mr. Chamberlain's speech can but emphasize the fact that if our prosperity is to continue we must cement trade friendships by reciprocity.'†

Only those who chose to buy foreign-made goods would in any case suffer, and why should they not pay for the luxury of supporting the manufacturers of foreign nations?

* It is absurd to fear retaliation from foreign countries. America would have to alter her constitution before she could put duties on her exports.

† Appendix VI.

THE PRICE OF GOODS WOULD DROP.

It is certain that in a very short time the price of goods would drop to the level at which it stood before the tax was put on, while the price of home-made goods would gradually lessen as manufacturing competition progressed. I assert that the placing a tax on wheat or other imported goods, which a *country itself can produce*, has never—no, not in one single instance—resulted in the permanent increase in price of that article; the price has most assuredly fallen within a short time, below the price at which it was to be purchased, before the tax was placed on its importation.

IMPERIAL RECIPROCITY OR IMPERIAL FREE TRADE.

That it is possible, at present, to alter this state of affairs is a blessing for which we should indeed be grateful. It can, and must be done, by altering our fiscal policy: by Imperial Reciprocity, or Imperial Free Trade, as well as by the protection of our home industries as against the industries of foreign rivals.

A commercial system based on free imports and taxed exports is not 'Free Trade,' but 'fettered trade.' Protection will not be introduced, however, in an all-round manner, but bit by bit, in such a way, that any increase on a workman's expenditure would not occur.

As foreign nations, whether capable of supporting themselves internally or not, flourish under Protection, how much more should we flourish, having, in addition to our protected home markets, the possibility of unrestricted trading in the entire markets of our great Empire, to the exclusion of our foreign rivals? As I have repeatedly pointed out, we have far greater possessions than we can utilize at present.* Why not cultivate the trade of our

* See Appendix.

holdings instead of fighting and worrying over lands like China, etc? Foreigners have had in the past an unrestricted and unimpeded right to dump their goods in Great Britain and her colonies, and have in return punished our manufacturers by imposing prohibitive duties on our goods when entering their borders. Surely our colonies and our possessions have an equal right to tax foreign goods and establish Imperial and reciprocal trade in favour of the Empire. We have given foreigners the liberty of Free Trade with us for the last sixty years; surely our generosity in the past does not condemn us to continue such a system until we are ruined.

FOOLS AS TO FOREGO OUR RIGHT.

Because we have been such fools, as to forego our right to claim from foreigners, reciprocity, for the privilege we have given them in the past in the free use of the markets, we have conquered or created, does this prevent us from demanding it in the future? But at the present moment, I claim that we do not want reciprocity with foreigners. This they will be only too willing to give us, *now* that they have established their markets in our midst, destroyed certain of our trades, seriously weakened the rest, and realize that we mean to give our *countrymen* that protection which should have been *theirs* many years ago.

SOME VALUE TO US FIFTEEN YEARS AGO.

This reciprocity would have been of some value to us fifteen years ago, before the Americans and Germans had killed our trade with them, in order to foster their own, but it would be decidedly a disadvantage to us at the present moment. They should not, therefore, be allowed, at present, to continue improving their position

in our midst by any reciprocal treaties with England, *until* we have regained the position we once held in our colonial markets, and have once again firmly established our home trades in our home markets.

PUSILLANIMOUS ADVICE OF A FEEBLE OPPOSITION.

We have to regain our old customers whom they have stolen from us, shut out their trusts, and when we have recovered our lost ground, then will we talk to them again about the advisability of reciprocity. When that time has arrived, I take it that our nation would be strong enough to dictate trading terms to the rest of the world, would then be wise enough to flout the pusillanimous advice of a feeble opposition, and would have learned that Protection is one of the first laws of trade as well as of Nature, and *not*, with a timidity which is ludicrous, turn with a shudder from the bare mention of the word.*

The following are extracts from the *Daily Mail:*

GERMAN FUNDS FOR BRITISH FREE TRADERS.

We have received the following letter for publication. It is written by the head of a responsible firm, who gives his name and address as a guarantee for his statements:

To the Editor of the 'Daily Mail.'

SIR,

I feel compelled to trouble you with the following, which, to my mind, further drives home the nail on the question of protection of home industries.

One of the members of our firm has just returned from Germany's market. In conversation with one or two large manufacturers, he learned on undeniable authority that a strong syndicate of foreign business men had been formed, with unlimited funds, to oppose

* Remember the Italian proverb, "He who makes himself a sheep will be eaten by the wolf."

in Great Britain Mr. Chamberlain's policy in every way possible.

This is pregnant with meaning, and, I take it, a matter of serious public interest. Our representative was greatly impressed with the universal consternation prevalent among our neighbours at the prospect before them.

A. H. EARLY.

5 AND 6, ALDERSGATE BUILDINGS,
ALDERSGATE STREET, E.C.

GERMANY'S TONE CHANGED.*

BERLIN,
Monday, December 14

Germany is following the discussion of the Fiscal Question with the keenest attention and alarm. English papers containing Mr. Chamberlain's speeches are eagerly sought for by merchants and manufacturers, and are almost monopolized at the public reading-rooms, while all the principal papers give long extracts.

It is fully realized that just now Germany must do nothing and say nothing to irritate England and supply Mr. Chamberlain with weapons. The reason is self-evident. Germany is getting thoroughly alarmed, and fears that Mr. Chamberlain will succeed in his crusade. All this has been made quite clear by recent speeches in the Reichstag. Several manufacturers have candidly told me that if Mr. Chamberlain carries his point it will spell ruin to a large number of German firms.

He is regarded as England's strong man—her Bismarck. Intense fear and consequent respect have taken the place of the coarse and vulgar abuse heaped upon him during the Boer War.

BENEFITS OF PROTECTION.

It will increase the revenue; it will release a large amount of the taxation imposed on the English. This

* See Appendix VII.

taxation will have to be paid by the importer, who will have to sell his goods for the price at which they can be made and sold in England. It is obvious that the less the home manufacturers are taxed, the cheaper they can produce their goods. The greater the quantity of the home demand, the still further reduction the producers can make on the cost of their goods, the more men they can employ, and the higher wages they can afford to pay; hence the following benefits will result to England:

1. A revenue gained from foreigners.
2. Taxation reduced to inhabitants of the United Kingdom by the amount imposed on foreign goods.
3. Reduction in price of home-made goods.
4. Increased manufacture of same.
5. Increased employment and better wages to workmen.
6. The retention of the money in England which we are now paying to foreigners, and the circulation of it in our own country.

It is no use producing articles in great numbers unless there is a market for them, and hence the importance to a manufacturing nation, not only of having its own home market for its manufactures, but also colonial and foreign markets *open* to its goods. In other words, in modern industries, economically, everything depends on the scale of production and sale, while the cheapness of raw material must be well considered.

True Economy.

The machinery of a steamer of 10,000 horse-power can be driven more economically per horse-power than a steamer of 100 horse-power, and if 1,000 articles can be produced at a certain cost each, 10,000 can be produced at a less cost, and each can consequently be sold at a cheaper price, the market, the manufacturers, and the

labourers all gaining by the increased manufacture, sale, and purchase of these goods; and as the purchasing capacities of the market increase, so the producer can drive out foreign competition, because he is able to produce more cheaply in consequence of the increase and improved scale of his machinery. A farmer who has been growing 2 acres of wheat, finds that it costs him a much less sum per acre when he grows 1,000 acres, for it then pays him to purchase labour-saving machinery, and in consequence the price of corn is lowered to the purchaser, more agriculturists are employed, the farmer earns more profits, and the labourer gets bigger wages; in other words, the farmer, in order to live, requires to make less profit per acre the more acres he cultivates.

Overwhelming figures can be produced proving the absolute reliability of the facts with which I have been dealing, with none more so than as regards the beneficial results, to the inhabitants of every nation, which has followed the introduction of protective tariffs on those goods, which their country could produce. I must refer you to my last book on the Fiscal Question, in which you will find this point dealt with at great length.

PROPOSALS FEASIBLE.

I do not maintain that a tax on wheat is absolutely necessary, the alternative being the subsidizing of wheat-growing in the United Kingdom. I consider this proposal feasible, practicable, well worthy of attention, and that it would result in prosperity and security to the United Kingdom, and cheap bread for the poor.

CHAPTER XVIII

TAXATION OF FOREIGN GOODS AND SUBSIDIZING HOME-GROWN WHEAT

FOLLOWING THE AMERICAN, GERMAN, AND FRENCH METHODS.

THE placing of a sufficiently high duty on foreign goods, in order to prevent dumping and the consequent underselling of our home-made commodities by foreigners, must be of advantage to this country, in all those cases where our home producers can create goods of any particular class in sufficient quantities to supply the demands of the home markets. Presuming, then, that this nation decides in favour of Protection, I trust that no half-measures will be adopted, but that England will enforce on imported foreign manufactures equal taxes to those which the foreigners respectively enforce against ours. I do not mean, however, to suggest that it would be a wise thing to place a prohibitive duty upon any class of foreign goods on which we have partially allowed ourselves to become dependent, and which our home producers do not at present supply in sufficient quantities to meet the home demands. In taxing this class of commodities we should be wise in following the American, German, and French methods of gradually raising the duty placed on similar foreign goods, until their home producers had become able to supply the demands of their home market. It is a matter of history that the consumers, in these countries, did not suffer when such a system was adopted. Were a *prohibitive* duty placed on foreign goods on which we have become to a certain extent dependent, two results might follow to the disadvantage of England:

1. The increase of the cost of these goods to the home consumer.

2. The loss, to the country, of a more moderate duty, which the foreigner would undoubtedly pay as long as he could profitably sell his goods in England.

MODERATE DUTY SUCH AS IS SUGGESTED BY MR. CHAMBERLAIN.

Now, I do not consider that the home consumers should always be studied to the disadvantage of the home producer's interest, but I do not see any advantage in unnecessarily increasing the cost of goods to the consumers, and therefore if a moderate duty, such as is suggested by Mr. Chamberlain, were at first placed on these latter class of goods, and the duty gradually raised as our producers became capable of supplying more and more of the home demands, we should foster our own home production, keep the price down, and obtain a revenue from the more moderate duties charged on these foreign goods.

TAXATION OF LUXURIES ENTERING THIS COUNTRY, ETC.

The immediate taxation of all imported luxuries should in any case be adopted by Great Britain. If the rich choose to buy German and American goods, they should pay for the luxury. The poor man has to pay heavy taxes on his tobacco, his tea, his sugar, etc., which cannot be grown in England; why should not the wealthy man pay a tax if he insist on buying German or American pianos? Pianos *can* be made in England, etc.

It is one of the absurdities of this so-called Free Trade that we tax commodities which are a necessity to the poor, and which cannot possibly be grown in this country, and we allow luxuries to come into this country free which can be produced in Great Britain.

What humbug it is for the Free Traders to raise a cry against taxing the people's food; only the ignorant would listen to such nonsense, or to the persons who utter them!

No working class in the world is more heavily taxed on its tea, tobacco, etc., than the British working-man. These are necessities of their daily life which cannot be produced in Great Britain. Why should they be taxed if this is to be a free-food country?

The taxes on these necessities of life come to 12s. 6d. per head, per annum, for every man, woman, and child of our population; in other words, the absolutely necessary articles of food,* etc., which are used in the workman's daily life are taxed before they reach the consumer to the extent of about £25,000,000 annually.

Free Food.

Supposing, without shifting any other form of taxation, these taxes on food were taken off, free food would then be an accomplished fact, and some justification might be found for persons who demand that no tax should be placed on wheat, butter, hops, etc. It has, I am glad to say, occurred to some of our statesmen that it is absurd to tax articles which are a necessity to the poorer classes, and which we cannot grow or produce in Great Britain, and at the same time to permit articles, which we can and should grow or produce, to be sent into this country by foreigners, with no advantage to our poorer classes, but to the great disadvantage of a large number of them, and to the ruin of our farming industries. So it has recently been suggested that some portion of the taxes, which we place on tobacco, on tea, on sugar, should be taken off these articles, and that a duty equal in amount should be

* I consider tobacco an absolute necessity of life to the majority of the working class.

placed on foreign-grown wheat, butter, fowls, potatoes, etc.; that is to say, for instance, that, as nothing is now charged on foreign wheat entering this country, a tax equal to 2s. 6d. per head of population per annum should now be placed on it, and that, if it resulted in a rise in the price of bread, a corresponding amount should be taken off the taxes placed on tobacco, sugar, tea, etc., so that the cost of living, to the poor, should in no wise be increased. This proposal would not make the taxation of foodstuffs either heavier or lighter, but merely shift it in a common-sense manner from the articles which we cannot produce, and which must come in, to those we can produce and the production of which we ought to encourage, as one would shift slightly the load in a cart from one end to the other, as the horse, drawing the cart, encountered a hill or descended on the other side.

No Neglect can be more Reprehensible.

A nation can make no greater mistake than that of becoming dependent on foreigners for the necessities of its daily life; no neglect can be more reprehensible than allowing its home production of wheat to fall into decay, or failing to encourage the wheat-growing capabilities of its possessions.

It is well to remember the Italian proverb, 'He who depends upon another man's table often dines late.'

Subsidizing the Growing of Wheat.

We have to confess that we, as a nation, have committed these three mistakes, but we can congratulate ourselves that, great as our folly has been, there still appears to be time and opportunity to retrieve our position. By far the most important object should be, as far as wheat is concerned, to become as nearly as possible self-supporting, and I do not consider that this desirable result can be

achieved in any other way than by subsidizing the growing of wheat in the United Kingdom. The only other possible alternative is to allow wheat-growing in our country to continue on its downward path, and to encourage wheat-growing in every portion of our Empire, and thus to depend on our kin, rather than on foreigners, for this our absolute necessity of life.*

The first solution is best, for the following reasons:

1. We should be always independent as far as this absolute and indispensable necessity of life is concerned.

2. The money we are now sending abroad—£36,000,000—for wheat and flour would be retained in this country.

3. We should recreate a healthy agricultural population in the United Kingdom.

4. It would be much cheaper in the long-run.

It is, of course, impossible to become at once self-supplying as far as wheat is concerned, and therefore we must consider how long it would be before this object could be attained, and what is best to be done in the meanwhile.

Immense Impetus.

I consider that with a subsidy of 30s. an acre, an immense impetus would be given to the wheat industry of the United Kingdom. It is certain that a large amount of capital would be almost immediately invested here in wheat-growing. The principal difficulties must, however, be faced, and they appear to be:

(1) That of getting an agricultural population to settle again on the land; and

(2) That of securing wheat-growing land at a reasonable rental.

* So long as a nation is balancing the value of her imports by her exports, then, save for the danger of a shortage during war time, and the extinction of her agricultural industry, it would not matter if all her imports were foodstuffs.

Accomplished in Five Years.

With regard to the first difficulty, my experience of wheat-growing has led me to believe that, with the land available, a very great deal might be accomplished, in five years, toward rehabilitating the agricultural labourer on the countryside; and, although the country has lost nearly 50 per cent. of its farming population, the remaining 50 per cent. are there, and will form a very useful nucleus to start with.* State aid, assisted by public support, would tend to establish the surplus population of our large towns in the farming districts, and the difficulties of housing and educating these people would be gradually overcome. The country must, however, be earnest in this matter, and surely no more momentous or important subject could possibly engage its attention.†

Reasonable Rental.

The second difficulty—as regards a reasonable rental—is one that will require the most careful legislation.

At present prices abundant land could be obtained, for this purpose at rentals which would, with the aid of the subsidy, richly reward the wheat-grower; but it must not be forgotten that the landlords have been the greatest sufferers in past years, and it is because the present price of farm land is so low. It is therefore only fair and just that they should reap some benefit from the improvement in the countryside, which improvement must take place were wheat-growing subsidized by the Government. In this country perfect freedom of contract is one of the rights our citizens possess, and to interfere with this right in checking the tendency to raise rentals to the detriment of wheat-growing is the most serious aspect of

* Most excellent work is being done by the *Daily Mail* in this respect.

† Appendix VIII.

the question. In Ireland and Scotland a control by Government has been found to very materially assist the small holder or tenant-farmer, and perhaps, in the interest of the nation, measures might be introduced which, while allowing the landowners to profit, to a certain extent, by the benefits of the subsidy, might check them in placing a prohibitive value on wheat lands.

THE GOOD OF THE NATION.

Now, the proposed subsidy being intended for the good of the nation, and directly benefiting the landowners, it should be to their interest to meet any measure, for the general good, half-way, and they would no doubt assist the Government in framing a measure, which, while permitting them to profit to a certain extent, would prevent the more rapacious landowners from checking wheat-growing operations by prohibitive rentals. I put the following suggestion forward, not as offering the only solution to this difficulty, but as one which might possibly be considered. There is an immense amount of land in England under grass, the rental of which is small at present, and if it became law that a certain percentage—say 33 per cent.—of this land, when suitable, should be opened to wheat-growing, and either cultivated by the owners or by *bonâ-fide* farmers at a rental *not exceeding*, say, 10s. or 15s. per acre over the rental, charged at present, on the surrounding grass lands, then a subsidy of 30s. per acre should be given to all wheat-growers, on the understanding that the wheat produced on subsidized land should be sold at a price not exceeding 30s. per quarter.

Again, I think it would be to the great advantage of the United Kingdom if, after the subsidy was available, a certain percentage of suitable arable land, not already being used for some description of corn-growing, should be thrown

open to *bonâ-fide* growers of wheat, at a rental not exceeding 15s. per acre above its present rental, always providing that the owner or tenant would not cultivate wheat.

BENEFIT SHOULD ACCRUE TO EVERYONE.

I cannot see but that an immense benefit should accrue to everyone in the kingdom excepting, perhaps, the hunting man, who likes grass, and the importers of wheat from the Americans, etc., who like profits.

The landlord would get a big increase of his rentals; the farmer would certainly get 15s., if not more, as a subsidy for wheat-growing. He could, in addition, get 3s. more per quarter for his wheat than the average price, which has been, during the last ten years, according to the *Gazette*, 27s. per quarter. As the average price of the 4-lb. loaf during these ten years, according to the Board of Trade Memoranda, p. 231, has been 4¼d., the working-man would be assured of getting his 4-lb loaf at about 4¾d.

£36,000,000 SPENT ABROAD.

The money we are now sending abroad to other countries for our wheat—£36,000,000—would be spent in the United Kingdom, or in our possessions, and we should be secure in time of war, while a healthy agricultural population would take the place of the unemployed and of the poorer classes huddled together in our big cities.

MR. CHAMBERLAIN'S SCHEME.

Now, the second point to consider is: What are we to do in the meanwhile? and just here Mr. Chamberlain's scheme to tax foreign wheat must be considered.

The advantages of his proposal are many, while I cannot see a single valid objection to it.

Canada desires it, she is second to none in her devotion to the Mother Country, and already gives us a most advantageous preference over foreigners in our exports there.

Mr. Chamberlain's proposed duties of 2s. per quarter on foreign wheat, no doubt sufficient to satisfy Canada, will materially assist South Australian wheat-growers.

No Addition to Daily Cost of Living.

Mr. Chamberlain has definitely explained that no addition to any man's daily cost of living will be incurred by any such duty.

The wheat land which the United Kingdom would have to cultivate yearly in order to supply herself is 8,000,000 acres, or only double that which she cultivated about the year 1850, when she supplied herself.

A subsidy of 30s. per acre would mean—when sufficient wheat was grown to supply all one needs—a sum of £12,000,000, or about half the sum now gained by the revenue in taxing certain foodstuffs and tobacco.

Agriculture.

Agriculture must *not go* by the board—we must preserve our rural population; the finest sons of any country are the men who till the soil. 'By the sweat of thy brow shalt thou eat bread,' and the Divine sentence has wrought its blessing on those who toil, especially so on the countryman.

Where did our recruiting sergeants go to during the long wars of 1700 and 1800 to get recruits? Why to the country youth, brought up under the eye of his parents and the clergy, used to the discipline of the farmers, inured to an out-door life, with an healthy constitution, and with a love for his parents, his God, his Queen, he was the boy who could, and who did, make the soldier and sailor of whom we still love to sing. Where do the recruiting sergeants go now? No longer able to gain recruits in healthy country villages, they seek those who would enlist in the towns, and do not mind if they are driven to enlist by the fears of the police, the gnawing of hunger or the rigours of winter.

CHAPTER XIX

THE ADVANTAGE OF 'SUBSIDIES' DISCUSSED, ALSO THE ARGUMENTS IN FAVOUR OF HOME-GROWN WHEAT

A MOST unreasoning prejudice has sprung up in our so-called Free Trade country as to this word.

We have not far to look in order to discover why it is disliked. Is it not that our distaste to the word springs from the harm which we have suffered from the subsidizing of foreign industries?

OTHER NATIONS' WISDOM.

But we must remember, however, that, while being harmful to ourselves, those nations which have subsidized their young industries have every reason to congratulate themselves on their wisdom.

In order to break down the foreign subsidy of beetroot sugar, we have had to make very important concessions; but, alas! as inmost things, the awakening came too late. The benefits which the subsidies have given to the industries of foreign nations have established these industries in very sound commercial positions.

When the creation of a profitable industry has been considered to be of importance to a State, foreign countries have very wisely assisted the efforts of its citizens in establishing the industry, recognising that, while the initial stages of its growth may be unprofitable to the individual, the ultimate result of establishing such an industry will be of permanent advantage, not only to the State, but to individuals whose private capital is thus engaged.

CANADIAN WHEAT.

With regard to Canada, she does not require that the wheat-growers should be subsidized—her land is cheap; but what should be done is to assist or subsidize a strong line between here and Canada, remembering that a direct route between Canada and the United Kingdom must of necessity be more costly, owing to the disadvantages of the winter months. The American 'bluff' shown in the very self-interested special pleading of Mr. Carnegie in his letter to the *Times*, July 25, 1903, repeats certain threats of the *New York Sun*—that the Republic may withdraw from Canada the privilege of sending its wheat through the more open southern ports of the States—may be entirely discounted. Although the navigation of the St. Lawrence may be closed for a few months in the year, there is no reason that the Canadian wheat should not be brought by rail through New Brunswick and shipped at Halifax; and, in spite of Mr. Carnegie and the *New York Sun*, I don't think the Yankees would throw inducements in the way of Canadians to use such a route, to the loss of their own railways and to the disuse of their own ports, and an enhanced tax could certainly be placed on American wheat, in order to assist Canadian railways, should the Republic be so unwise. Unless we give some assistance to this colony, for the preference she gives us, we shall lose her; and cannot you see how we should suffer if we did? The subsidy we might give to Canadian shipping and railways will be as nothing to the loss we shall suffer if Canada has reciprocal trade with the States. In the first place, she will have to enforce the Dingley Tariffs against us. In the second place, when Canada and the States were joined commercially, nothing could prevent them forcing up the price of wheat, and no country could possibly supply the deficiency under three years; if we

then tried to do without Canadian and American wheat, we should run short.

RAISE A LARGE REVENUE.

If we taxed imported manufactures, such as we can ourselves supply the home market, to the same extent that the Americans tax ours, we should raise a large revenue at once, and we should, other inland taxes being unaltered, be able to release a very great part, if not all, the taxes on those foodstuffs. If free food was really the object and intention of the so-called Free Trader, this is a scheme he would have proposed long ago, and my wonder has been for many years that our workman has not seen through the hollow shams and fallacies the so-called free food advocates have been advancing.

CHEAPEN THE WORKMAN'S DAILY EXPENSE.

Such a release of duties on the necessities of life would cheapen the workman's daily expense. If we adopt Protection, more work and better pay would most assuredly follow to the workman, and though for a time the consumer of foreign manufactures might have to pay more for them, home competition would soon lower the price of all those taxed commodities with which our home producers are capable of supplying the home markets.

THE IMPORTERS OF FOREIGN WHEAT WILL HAVE TO PAY THE TAXES.

It cannot reasonably be expected that *taxing American wheat* will *increase* the price we pay for *Canadian wheat*, or that taxing Russian wheat will increase the price of the Argentine or East Indian wheat. Importers of foreign wheat will pay the taxes we place on their wheat, and they will have to sell it at the price we can grow ours, or at which we can get it from our posses-

sions. Neither can it be supposed for one minute that taxing any manufactured article entering a country, which that country can itself produce, can increase the cost of its *production* in that country, as long as we can obtain our raw material in sufficiently large quantities and at reasonable rates.

It was a grave mistake Rome made when she became dependent on Egypt, a colony of her own, for corn. How much greater would have been her mistake had she depended on a rival country, and one with which it was possible she might be at war.

Supply all our Needs.

I hold that we can grow our own wheat. We have 47,000,000 of acres in the United Kingdom which are capable of producing wheat, and with 1,750,000 of acres under cultivation we are now supplying one-fifth of our wants; therefore with one-sixth part of the land which we have suitable for growing wheat—that is, 8,000,000 acres—we could supply all our needs as far as bread is concerned. If we, however, do not choose to utilize these lands which Providence has given us, then I say it is far better to be dependent on our own colonies and possessions for our food-supply than on nations with whom we may possibly be at war, and on nations who would not scruple to raise the corn to famine prices should they have the chance of squeezing us. I would, however, strongly advocate that a portion of the taxes placed on foreign manufactures should be used in subsidizing the growing of wheat, so that all or most of the wheat we want could be produced in the United Kingdom.

Independent in Time of War.

In time of war we should then be independent. A subsidy of 30s. per acre would, I believe, soon produce a

revival of our wheat-growing industries, and when we had sufficient wheat grown to keep us in bread, it would only mean at the most an annual subsidy of £12,000,000. All this £12,000,000 would be spent in the country.

IMPORTING FROM ABROAD.

In 1902 we imported from abroad 100,000,000 cwts. of wheat and flour; the price we paid for this was £36,000,000, of which £8,932,000 went to our possessions. In the last three years we have increased our annual imports of wheat and flour by 16,000,000 cwts.; these imports are are rapidly increasing, and our wheat-growing acreage is rapidly diminishing.*

The value of imported manufactured or partly manufactured articles—such as we or our colonies can produce—amounted in 1902 to £147,000,000, none of which are taxed when entering our ports. A 10 per cent. duty on goods for which we depend, to some extent, on foreigners, and a 25 per cent. to 50 per cent. all-round duty imposed on goods, such as our home producers can supply in sufficient quantities to satisfy the home market, would yield a revenue to England of from £20,000,000 to £36,000,000; by placing a duty of 2s. 6d. per quarter on foreign imported wheat and 3s. on foreign imported flour, an additional revenue of about £2,000,000 would be obtained, making a total revenue of from £22,000,000 to £38,000,000, colonial wheat still coming in free.

NECESSITIES OF OUR EVERY-DAY LIFE.

The necessities of our every-day life—sugar, tea, coffee, tobacco — are taxed to the extent of about £25,000,000 annually. The duty on these foods *could* be

* In 1903 we imported 108,731,825 cwts. of wheat and flour, for which we paid £39,663,141; of this £10,644,708 went to our possessions.

reduced, and though the revenue would, in this respect, suffer, the loss would be balanced from a portion of the revenue mentioned above, while everyone in England would profit by this reduction of the duty imposed on foodstuffs coming into England.

We have ample land available to provide flour for the nation throughout the year, and though it might take some little time before the Government would be called upon to pay the full extent of this subsidy, £12,000,000, the sooner the task is commenced, the sooner it will be accomplished.

Great Advantages.

The following great advantages would, I consider, accrue to this country from subsidizing wheat-growing:

1. We should re-establish on our countryside an agricultural population, on whom we ought to depend for our soldiers and sailors.

2. The Government would be able to enforce a fixed price for the loaf of bread.

3. We should become, as far as bread is concerned, self-supporting in the time of peace and in time of war.

4. We should be relieved from the danger of starvation and bread at famine prices if we went to war.

5. We should not have to spend enormous sums of money in providing and protecting our food transports, or run the risk of their being destroyed, and we should stand no risk of being cornered in wheat by the foreigners.

6. Our cruisers and men-of-war could devote all their strength to war instead of having to act as convoys.*

7. We should keep in circulation in the United Kingdom,

* Though a convoy of grain steamers would have about as much chance of escape from torpedo boats as a school of mackerel would have from a shark.

not only the £36,000,000 we annually pay away for flour, but the £12,000,000 given to our farmers in subsidies, and we should eventually relieve the congestion of the population of our towns, as at least 2,000,000 additional farm labourers would be required in the countryside.*

Remember that every grain of corn grown in the country is in some way or other wealth to that country, and that every grain of corn purchased from beyond its borders is in some way or other a loss to it.

Among other good results would be a feeling of security as to a possible war, and the generally greater prosperity of the poorer folks. *This happy result is possible*, but it cannot, however, be accomplished in six months.

BREAD AT ITS PRESENT PRICE.

In conclusion:

1. The Government granting the subsidy could do so on the condition, that wheat should not be sold by the subsidized above 30s. per quarter. This would be 3s. above the average of the last fifteen years, and it would keep the loaf at about its present price (December, 1903).

2. Land there is in plenty, and any Government would be warmly supported who, in the interests of this nation, insisted on land, when necessary for growing wheat, being thrown open, and a fair rent fixed—fair to the owners and fair to the farmers.

3. If there is any other valid objection to this scheme, it can only be that if we supplied ourselves our colonial wheat would not eventually be wanted.

COLONIES CAN SUPPLY ALL WE WANT.

This is true, but when that happy time comes, cannot the colonies produce beef, mutton, bacon, sugar, tobacco,

* Appendix VIII.

wine, brandy, cotton, rice, tea, fruit, butter, poultry, onions, potatoes, cheese, etc.? For the last six items alone we pay abroad, mostly to foreigners, about £40,000,000 annually. These articles, however, are not an absolute necessity of life; we could, on a pinch, exist with a very reduced quantity of these things, but not so with flour: that we must have, and that is why we should produce it ourselves, and I consider that the only possibility of doing so successfully is to subsidize our growers of wheat, and if this scheme cannot be carried out, we should depend on our colonies and possessions.

It has been argued that our colonies might endeavour to pinch us. Yes, it is possible, but not probable, for the following reasons: Their own trade with us would be a most important factor. They would, for loyal reasons, be less likely to try and corner us than America, etc., They could not easily combine to do so. Canada, Australia, Egypt, India, South Africa, are too widely separated to combine in a trust to squeeze us. Their seasons are different, their interests would be too divergent, and, moreover, they would have ever before them the fear that, having created a big industry on which their inhabitants would depend, we could, by releasing the duty on foreign wheat, keep the price of imported wheat down and stop any attempt at their cornering us. Whereas the probabilities are far greater that, unless we encourage the trade of our possessions and colonies in wheat, we have no earthly chance of stopping foreigners from cornering us in time of war.

If Cornered in Cotton, Cornered in Wheat.

Nothing could more forcibly illustrate the meaning of my contention as regards the folly of being dependent on foreigners for our necessities, than the disastrous failure of

our cotton supply in the year 1903. We have, although possessing the finest, most extensive cotton-growing land in the world, been helplessly and blindly trusting to the Americans for the bulk of our cotton.

We have taught the Americans the value and art of textile manufacture; they are now our most formidable rivals in cotton-stuffs. They have not been asleep as we have. In the last year or two, I am informed, they erected over 200 new cotton mills, and are not only independent of, but are rivalling us in, our cotton fabrics. The power they hold over this industry must be evident when we feel the squeeze they are now putting on us, and realize that should they choose to put a higher price on their cotton, they have us at their mercy, and may at their own pleasure wreck our linen industries and bring starvation and disaster on millions in England.* This power we have given them, because we have been blindly indifferent to the necessity of being, as a nation, independent of foreign support.

SHORTAGE OF COTTON.

There has been, as might have been expected by wise men, a shortage of cotton. The cotton rings have cornered the cotton supply in America, have raised the prices, and our cotton industries have to suffer. In 1891 the number of persons employed in cotton industries in England was 23,536 more than in 1901. The number employed has fallen still further this year. The actual distress among the workpeople in our cotton districts is acute. What is the good of offering *them* a cheap loaf when they have no money to buy it?

WITH WORK COMES MONEY AND BREAD.

It is not so much the amount one *spends* which affects this question; it is more important to consider the amount

* See Appendix IX.

one earns, and the relative proportion of the spending can then be adjusted. To cheapen bread to a man who has nothing to spend is no charity; either give him bread or give him work—*i.e.*, money.*

It is no charity to take a blind man to the Tate Gallery, or to sing to a deaf one. A man who earns 6d. a day and spends 5d. is passing rich, but one who earns 20s. per day and spends 21s. is passing poor. With work comes money, and bread is not the item on which the poor spend most.

Oldham is in the heart of the Lancashire cotton industries, and is represented in Parliament by two so-called Free Traders. The distress there, as *elsewhere*, has been enormous.

Mr. William Fox, Manager of the Chartered Company, has just sent me the following note:

> 'The latest cotton sample grown in Rhodesia was valued by cotton brokers at Liverpool at 7⅛d. per lb., or ⅜d. per lb. more than middling Orleans.
>
> 'Of numerous samples of cotton sent over, the reports and valuations have been, almost without exception, highly favourable.'

> 'EMPIRE COTTON.
>
> 'LAGOS,
>
> '*Wednesday, September* 2.
>
> 'There has been a wonderful development of the cotton trade in the interior. The railway has already found it necessary to put on extra trains to bring down the large supplies to the coast, and there is every prospect of a further increase in the amount raised for export.—REUTER.'

Mr. William Evans, a Liverpool cotton expert, has left for Lagos as the first representative of the British Cotton-

* 'Economy is useless when all is spent.'

Growing Association, to superintend reaping the first cotton crop grown in West Africa for Lancashire.

Mr. Evans expects the crop to reach 3,000 or 4,000 bales. The seed was sown in June last, and the first consignment will reach Liverpool by Christmas and the whole of it by next March. He estimates that in the Lagos Protectorate and in Western and Southern Nigeria there are 29,000,000 acres of cotton-growing land, which is equal to the cotton zone of the Southern States of America.

In concluding, I must point out that the misfortunes mentioned above are just as likely to happen to us in our wheat supplies. We must therefore retain our colonies, and encourage the growing of all our necessities in our own Empire, and that, too, without delay. It would be advisable to inquire into the suggestion I have made as to subsidizing, or in some other way growing, enough wheat in England to support our inhabitants from year end to year end.

CHAPTER XX

OUR COLONIES AND POSSESSIONS

WHAT good are colonies to us? This is a question which is not infrequently asked.

Thank goodness, the majority of my countrymen are aware of the value of our possessions to us, and of the great importance placed on them by foreigners. The minority, however, who ignorantly or viciously deny their importance cannot be ignored, as their influence among the ignorant acts as a poisonous microbe acts on a neglected sore. It is to those who are honest, but untravelled or unread, who require some assistance before they can be expected to appreciate the advantages to our kingdom of the colonies which we have so fortunately acquired, but these, it must be remembered, are not entailed to the United Kingdom. The colonists are of age—they have succeeded to their inheritance, and the Mother Country, if she expect to be welcome, must *cultivate* the friendship of the possessors of the land.

THE AMERICAN FREE TRADE.

To carry out the Cobdenite ideas we should, at least, have endeavoured to cultivate the excellent principles of Free Trade throughout our Empire, and have thus most effectually bound it together. The Americans, who are, luckily for themselves, wise enough to protect their home markets from the inroads of foreign competition, are equally wise in mastering the benefits of such a policy, and they within their own empire are Free Traders. They

went through the sacrifice of the civil wars to obtain this unity, and would repeat the war were this reciprocity threatened.

WAKE UP!

But, alas! we have, so far, failed to obtain Free Trade with the foreigners, or to establish it among the different integral parts of our Empire, and before long this will be too late. Every day, every hour, is pregnant with events. Others are not idle, slothful, or indifferent, as we have been. Wake up: for your Empire's sake, wake up!

ADVANTAGE FRANCE OBTAINS.

Comparing Canada and Algeria, the following figures will at once show how much greater an advantage France obtains in supplying her colony, Algeria, than does England in supplying Canada:

France supplied Algeria with imports to the value of 258,955,000 francs = £10,350,000
The rest of the world ... 70,545,000 francs = £2,822,000
France supplies 78 per cent. of the total imports of Algeria.
The rest of the world 22 per cent.

Now compare the above with this:

England supplies Canada with imports to the value of £9,590,000
The rest of the world £28,810,000
England supplies only 25 per cent. of the total imports.
The rest of the world 75 per cent.

France supplies her colonies with goods to the value of 535,000,000 francs
The rest of the world 295,000,000 francs

Therefore France supplies 64 per cent. of the total supplied to her colonies; the rest of the world supplies 36 per cent. of the total supply.

England supplies 49 per cent. of the total supplies to her self-governing colonies; the rest of the world 51 per cent.

Here we see the much greater advantage that France is able to obtain in the preponderance of her trade with her possessions when compared to England with her possessions, and it tends to show how much greater an advantage we should obtain, in the matter of trade, from them had we similar privileges with our own possessions to those possessed by France with hers.

Our Methods should be Changed.

Had we a like proportion of the trade with our colonies (to say nothing of our vast possessions) to that which France possesses with hers, we should be sending our colonies £72,000,000 instead of £55,000,000. I do not hold France up as a model colonizing nation; but if she is able to make her colonies so much more paying to her than we can make ours, then our methods should be changed. I do not think you will find the Germans or the Americans making much headway in ousting French trade from her colonies. France does not boast about her export trade; we do, however, for it is the life-blood of our existence. It was for the success of our exports that Free Trade was introduced, and our *so-called* Free Trade is ruining them, as well as our home industries.

Therefore there is an Absolute Necessity for Retaining the Markets of our Colonies, etc.

This can be achieved by adopting Imperial reciprocity. The advantages to ourselves will be very great. Our

colonies and our possessions are an absolute necessity to England if she intend to retain her position as one of the leading nations of the world. The money we are now paying to foreign countries for our imports will, when we have established Imperial reciprocity, be circulated among our own people and returned to us in payment for our exports, which under such reciprocal advantages will increase with leaps and bounds.

GREAT DANGER.

The danger of losing these markets is a very serious one, and once lost, they may never be regained. Our colonies are in the humour now to enter into Imperial reciprocity; but unless we seize this favourable opportunity, we stand in great danger of losing some, if not all, of them. Other countries are alive to their value, and have been actively endeavouring for many years to obtain reciprocal trade treaties with them.

THE UNITED STATES AND CANADA.

'One result, in the United States, of the British tariff agitation has been,' says the New York correspondent of the *Manchester Guardian*, 'to stir up our National Reciprocity League to renewed efforts to effect a commercial treaty with Canada. The headquarters of this organization are at Minneapolis, and a circular letter from its president announces a plan to raise a fund of £100,000 to push the reciprocity campaign. There is also to be a committee of five men from each State. Especial emphasis is laid upon the need for haste, lest the Canadian market be lost before the United States manufacturers are aware. A specific reference to the English discussions is contained in the phrase, "No doubt if Canada is not drawn closer to the United States commercially, she will be to England."'

THE MONTREAL CONGRESS.

MONTREAL,
August 20.

When the Congress of the Chambers of Commerce of the Empire resumed its sitting this morning the debate on commercial relations with the Mother Country was continued.

Text of Resolution Adopted.

The resolution, as amended and adopted, read as follows:

> 'It is resolved that, in the opinion of this Congress, the bonds of the British Empire should be materially strengthened, and the union of the various parts of His Majesty's dominion greatly consolidated by the adoption of a commercial policy based upon the principle of mutual benefit, whereby each component part of the Empire would receive substantial advantage in trade as the result of national relationship, due consideration being given to the fiscal and industrial needs of the component parts of the Empire.
>
> 'That this Congress urges upon His Majesty's Government the appointment by them of a special Commission, composed of representatives of Great Britain and her colonies and India, to consider the possibilities of thus increasing and strengthening the trade relations between the different parts of the Empire, and trading facilities within the Empire and with foreign countries.'

The only way to retain our colonies is to bind them to us by self-interest—to deal with them generously, giving them every advantage as compared with foreigners. How strongly the old truth should appeal to us now, '*It is not meet to take the children's bread and cast it to the dogs.*'

The Australian Colonies.

Our colonies and our Indian Empire are in the position of children to the Mother Country; their future prospects are unlimited, but their progress and present position demand for them the same most careful consideration, courtesy, and regard which is justly due to sons who have attained their manhood rights.

We are to Blame.

The present want of vitality of our Australian colonies is not hard to discover, and is one for which we are to a great extent, to blame. Our colonies are fertile, healthy, and rich in mineral wealth; they are peopled by a fine, strong, and healthy race, who have sprung from our loins, but they have had the misfortune to belong to a wealthy, indulgent, but foolish parent, who, while prodigal in pouring gold into her children's coffers (with a view, of course, to substantial repayments), has practically offered no inducements to her children to engage in healthy commercial activity and that mutual reciprocity which they have repeatedly asked for. England, in clinging to the world-condemned and fearsome mockery, the so-called Free Trade, has been too bigoted to study the trend and opinion of other countries, too dead to hear the appeals made to her by her colonies, and has thus commercially scattered her food to strangers and left her own children to starve.

Money Wisely Laid Out.

Hence it is that, with boundless natural advantages, with unlimited gold at its disposal, Australia has been unable to compete against its bounty-fed rivals, whose geographical and other advantages preclude rivalry under our present fiscal system. The money borrowed by

Australia has been largely laid out in railways, harbours, etc.—wisely laid out, too. But why are they not paying better? why are they (the colonies) not filled with the human throb of commercial activity? Why? Because England has refused to listen to them—refused to open her eyes to the fact that the hundreds of millions she has lent are not yielding the revenue they should,* as a consequence of our blind, conceited adherence to a policy which we are too proud to admit is a crass fraud and folly, and too bigoted to see is not the Free Trade advocated by Cobden, etc.

O, THOU FOOL OF A JOHN BULL!

We have practically failed to avail ourselves of the magnificent corn-growing and fruit-producing power of South Australia, of the wool- and cattle-producing powers of Victoria, New South Wales and Queensland, the magnificent sugar-growing districts in Queensland, etc. Fancy, if only half of the 6,000 millions which we have sent into America, North and South Germany, Russia, etc., for these commodities in the last forty years had been spent in Australia, Canada, etc.! Imagine the teeming population and wealth of that country. Imagine our perfect immunity from *famine* should America try to seize Canada, and shut their corn-markets to us. Why, we should have Adelaide flour (the finest in the world), Australian beef and mutton (second to none), Queensland sugar (the best in the world); and so I might go on about Australia's powers of feeding us with raw material—coffee, cotton, wines, fruit, tobacco, arrowroot, etc. But no; all these industries, if we have not killed, we at least have shamefully neglected. We now send millions into Germany for

* And will in the future yield considerably less if we do not encourage colonial industries.

their bounty-paid, weak, and non-convincing beetroot sugar; we pay our millions into America for our cotton and wheat.

We allow South American meat, wool, etc., to undersell our colonial products; and consequently they (our own colonies) are not prosperous, and they have not the market for their raw material they should have; and, worse still—O, thou fool of a John Bull!—neither are you prosperous. Twelve millions of people always on the verge of hunger, as Sir C. Bannerman tells us; our list of failures in trade daily increasing, thanks to Free Trade. I do not blame the colonies; it is your fault, my friends.

Value of Our Colonies.

How valuable these colonies are to us, the subjoined results will prove, also that these figures give a strong argument in favour of preferential tariffs. They are supplied by the Board of Trade Returns, August 13, 1903, 'giving the total trade of the British colonies and possessions, inclusive of bullion and specie, with the United Kingdom and other British possessions and foreign countries during each of the years 1890-1900.'

The following result is arrived at by comparing the value of the import trade into the colonies from the United Kingdom, and from foreign countries:

	From United Kingdom and British Possessions.	
1890		£144,549,000
1900		163,099,000
	Increase	£18,550,000
	From Foreign Countries.	
1890		£51,179,000
1900		80,839,000
	Increase	£29,660,000

During the ten years' period it will be seen that, while the imports into the colonies from the United Kingdom and British possessions have only increased £18,550,000, the imports from foreign countries have increased £29,660,000.

The effect of trade preference within the Empire would almost certainly be to divert a large portion of the foreign trade into the hands of the United Kingdom and the colonies.

Treating the export trade of the British colonies and possessions in the same manner, the following figures are obtained:

To United Kingdom and British Possessions.

1890		£119,015,000
1900		151,495,000
	Increase	£32,480,000

To Foreign Countries.

1890		£68,549,000
1900		86,778,000
	Increase	£18,229,000

From these figures it is evident that the colonies find their best markets within the Empire, and have everything to gain by preferential tariffs, which will protect them from the competition of the foreigner.

A WARNING.

The following remarks, by General James Wilson, in a speech at the Commercial Club, New York, advocated a 'Free Trade Union between the United States, Cuba, Puerto Rico, Mexico, and Canada against Europe, as a means of extending the commercial supremacy of the United States.'

General Wilson said that Free Trade should be given to Canada *only* on *condition* that she should apply the American tariff against Great Britain.

He declared that the Monroe Doctrine applied to Canada, and added, that should Great Britain ever make the government of her colonies oppressive, it would be *the duty of the United States to interfere.*

The past history of the children of the Empire must be considered, and it behoves us to consider fully their future as well as our own. The welfare of our descendants and the future of our country turn most critically on the future relationship of our colonies and our possessions to ourselves. Remember that, though the ties of sentiment and relationship may be strong, the struggle for existence and self-interested arguments are much more forcible.

Parents who neglect their children have often to pay dearly in the subsequent and natural desertion of these children, and the wounds inflicted by those whom we trust are not as easily healed as those caused by strangers. The want of the ability to foresee possibilities, was shown in the Ashburton Treaty, and we, as a nation, are responsible for the want of care evinced by our representative, in signing a document which has deprived Canada of part of her birthright. We may forget if the shoe does not pinch us; but with those who suffer, the effect of this pinch will not easily be forgotten.

ENGLAND WILL LOSE.

It is certain that, if England does not make some return for the preferential tariff Canada has now given us, sooner or later that tariff will be repealed. England will lose not only that market, but Canada as well, and we alone will be to blame. Canada must be wooed, or in

her future nationality, which is as certain as death, she will remember, and probably not forgive.

Colonies and Possessions anxious for Preference.

Now, it is urged that our colonies, who have for long been refused the reciprocity they asked us for, will now refuse to accept it. Do not be misled by a statement which is simply father to the wishes of the Little Englanders who make it. Canada has already of her own goodwill generously given us preferential treatment, and our export trade to her, which had fallen off in the five years, between 1892 and 1897, more than 25 per cent., has, under the preference she has accorded us in the latter year, increased during the last five years—that is, between 1897 and 1902—to no less an amount than 66 per cent. South Africa, at the Bloemfontein Conference the other day, has accorded British goods a preference as against foreign goods. New Zealand's utterances and intentions are to give us even a greater preference than either of the two last-mentioned countries. Mr. Reid, the Free Trade leader of New South Wales, counsels Australia to follow Canada's lead. Consequently this pessimistic belief of the Little Englanders, even if honest, can be at once dismissed from consideration.

Freedom of Their Markets.

Besides, is it reasonable to suppose, that, our self-governing colonies and possessions would refuse to throw open their markets to us, or refuse to encourage our trade by giving us the freedom of their markets, when they realize that they could, by doing so, eventually acquire the greater part of our immense import trade, which amounts to £528,000,000, of which they at present

only supply £107,000,000? For foodstuffs alone we pay foreigners £152,000,000 every year, and only purchase £40,000,000 worth from our colonies and possessions. Do you think that either we or our colonies do not wish to see these figures reversed? We buy from abroad every year, not counting iron, steel, chemicals, and miscellaneous articles, etc., £100,000,000 worth of manufactured goods. Can I think that my countrymen, when they understand what these figures mean, will be so foolish as not to wish that this £100,000,000 should be spent in their own country among their own manufacturers, their own operatives, and their unemployed, instead of being spent as it now is, among the manufacturers and operatives of foreign nations?

PRESIDENT ROOSEVELT.

President Roosevelt said the other day:

> 'The object of Protection was to defend American workmen from competition with workmen whose standard of living was lower.' 'It operates almost wholly in the interests of the classes who are compelled to toil productively to earn a livelihood.'

MR. MCKINLEY.

Now listen to what the late Mr. McKinley said:

> 'The people of no nation in history has ever permanently prospered under a policy which sacrificed its home industries to build up and develop the resources and give employment to the labour of foreign States.'

VOTE SOLID FOR PROTECTION.

When the Englishman *does* understand this I guess he will vote solid for Protection. Why, then, do not we adopt Imperial reciprocity throughout the Empire, and protection for our own trades, as against the trade of

foreigners? In order to prevent this laudable object another bogey is raised before the uninformed eyes of our working classes.

A Bigger Fallacy.

It is claimed as absurd by the Free Traders that our Empire is capable of supporting itself internally—a bigger lie, a bigger fallacy, has never been invented. Show me the man who has travelled amidst the vast corn-growing areas of Canada, South Australia, Egypt, and India; who has been through the sugar plantations of St. Vincent, Queensland, Mauritius; the vineyards of Australia and South-Africa; the sheep-stations of Australia and New Zealand; the cattle-stations of Queensland; over the veldt of South Africa; the cotton-growing lands of India, Egypt, Queensland, Rhodesia; the British Settlements of West Africa; the tea districts of India, Ceylon, etc.—show me the man, I say, who, having seen all this, would venture to utter such an absurdity. There is no commodity under the sun which our Empire cannot produce, and produce in sufficient quantities to supply our Empire though it were ten times as great. From the humble crust of the pauper to the diamond tiara of Her Most Gracious Majesty the Queen, from the slate-pencil of the schoolboy to the motor-car of the millionaire, there is no commodity which cannot be produced in our own Empire.

Every Article Taxed.

Again, the so-called Free Trader tells his countrymen that Protection means that every article taxed, entering our shores, will increase the cost of similar home-made articles to the inhabitants of these isles. They have not the honesty even to temper this lie. *No;* they mean to impress upon their listeners that there will be a permanent increased cost of living to everyone. They have, however,

neither precedent to quote nor theory to back up their statement. I assert that the placing of a tax on any imported goods entering a country, which goods that country is fitted to produce, and can economically produce in sufficient quantities to supply its needs, has sooner or later invariably resulted in a reduction of the price of these goods.

Taxing a commodity entering a country does not increase the cost of making it in that country. How can it? The taxes increase the revenue of the country, and are paid by the foreigner or the importer, who has to lower the selling price of these goods in order to compete with home-made articles. Under Protection the *cheaper* an article can be produced at home, the *cheaper* the *foreigner* or the importer has to sell it. Under Free Trade, however, the more the article costs to make in a country, the greater price the foreigners can and do charge for it. The taxpayers' burdens are lightened under Protection, industries are encouraged, and the money of the nation is circulated among its inhabitants, instead of being sent abroad to increase the wealth and prosperity of its rivals. Taxing commodities entering a country, which that country can produce, stimulates the trade of the country, and causes its manufactures to increase and to become in consequence cheaper when trusts, etc., are excluded.

CHAPTER XXI

WHEAT AND BREAD—PRICES UNDER SO-CALLED FREE TRADE AND UNDER TAXATION

A QUESTION was asked me, while addressing the Worcester Chamber of Commerce on September 30, 1903, which might well be considered here, together with the answer as reported in the *Worcester Herald*, a Free Trade organ. It is a question which deserves the most sympathetic attention when honestly asked, and has been most fully dealt with in my other writings. The question is: 'Would the preferential tariff, as suggested, increase the cost of living generally? Will not taxing imported wheat increase the price of bread?' My answer was reported as follows:

> 'Mr. Shaw said that where such a serious decrease in the production of wheat has occurred as in England by trusting to foreign nations, they might have at first to pay a trifle more. Not that he believed the cost of living would be increased to the poor man, because they had the alternative that if they taxed wheat, and it did increase the price of bread, they could release the tax on sugar, tea, etc. The income from sugar and tea could be dropped and the duty from the wheat could take its place in the Exchequer. If all wheat coming to the country had a tax of 2s. 6d. per quarter, it would mean an annual increase on each head of 1s. 6d. per annum, and there would be no doubt that our sellers would raise the price at first. But if wheat were taxed sufficiently to make wheat farming pay, competition would commence—(applause)—and the increased supply of wheat would make the country independent of foreign wheat. But the 2s. 6d. tax would not be put on Canadian

wheat; this would encourage our Canadian brethren to create supplies for us. There were 250,000,000 acres in Canada of the best wheat land in the world, which could supply us over and over again with all the wheat we need. There would possibly be in the United Kingdom a temporary rise in price if enough wheat were not supplied by the colonies and grown by ourselves. That would mean paying the duty only until our country became independent of foreign supply.

'*Taxation Lowers Price of Bread.*

'The lecturer then quoted figures relating to the commerce of France when her agricultural industries were likely to be ruined by the importation of foreign wheat. In 1874 she had a duty on imported grain or wheatstuffs of 5s. per ton, and the price of bread was 39·9 centimes, or 4d. for a kilo or 2½-lb. loaf. In 1884 the duty was raised to 24s., and the price of the loaf went down to 3¾d. In 1887 the duty was raised to 40s., and the loaf went down to 3½d. In 1894 the duty was 56s., and the loaf fell to 3d., which was now the average price. (Applause.) So you see that, as far as France was concerned, taxing imported wheat lowered the price of the bread to the consumer. In 1891 the duty on imported mutton was £4 16s. 8d. a ton, and the price 7d. per lb. In 1892 the duty was £10 1s. 8d., and the price per lb. 6¾d. It had now fallen to 6½d., so that, instead of increasing the cost in France, the heavy taxes on imported mutton lowered it. In 1891 the duty on imported beef was the same as mutton, and the price 8¼d. per lb. In 1892 the duty was raised to £12 19s. 2d., and the price fell to 8d. In 1893 it was 7½d., and 1901 8d.' (Loud applause.)

MISTAKEN DEDUCTIONS.

I remember this summer, 1903, when speaking at the Royal Agricultural Show, I found that among the crowd

listening to me I had one opponent. I was not only able to locate the dissentient—who seemed to object principally to the tax on flour—but I was lucky enough to get hold of him afterwards. He was a man any country would be proud of, straight and stiff, and fifty-five if a day; his face was a good and strong one. When we were by ourselves he spoke of his mother slowly dying of starvation in 1862. What did he know of Free Trade or Corn Laws? Nothing! All he knew was that his loved one wanted bread, and he could not get it for her, and the memory had burned down deep into his heart. Would he help to put a tax on food? Is it likely? Little did he know that when his mother died free corn had been coming into England for many years; all that he could remember was that he could get no bread for his mother—the bitter troubles of his youth had obscured all other ideas, but that bread, must not be taxed. No argument could move him. His idea had been, and was, that because he could not buy bread, when his mother died, wheat was taxed; it was not taxed then, as we know. He did not realize that it was the want of money that was the cause of her death. Have not tales similar to this been poured into eager ears since the days of the Cotton Famine in 1862? Do they not linger? And are not the mistaken prejudices they create the most difficult to remove? The causes of the famine were equally remote from any tax on wheat, but the effect has been the same on the tradition handed down by the sufferers. Scarcity of money—hence scarcity of bread—hence the mistaken ideas. To withhold one's sympathy from the people who believe in them is impossible, but can any pen describe the infamy of the man, who utilizes these honest prejudices, to the harm of the unfortunate one who believes in them, merely to secure a temporary benefit to himself? Well, it was no good; I could not alter him.

Strong and determined, after a hand-shake he stalked away, a friend to me, a bitter opponent to any tax on any article of food, no matter whether other taxes were to be remitted on equally necessary articles of food; and equally blind to any reasoning that the food-bill of the poor would not be dearer, but a good man, and a countryman, at that. How can anyone be otherwise than gentle when dealing with such honest mistakes as these?

GLADSTONE'S EVIDENCE.

To show how little a duty on wheat is likely to affect the price of bread, the converse position, to the facts given in my answer at Worcester, may well be considered. In 1846 the Corn Laws were repealed and wheat came in free, yet Gladstone, who was then Chancellor of the Exchequer, in introducing his Budget fourteen years after, in 1860, said: 'Take the great change in the Corn Laws; it may even be doubted whether up to this time you have given them (the people) cheaper bread.' He was quite right in doubting whether any benefit had arisen from repealing the Corn Laws.

THE EVIDENCE OF THE *GAZETTE*.

Taking the Board of Trade returns from the *Gazette* for the five years preceding, and including, the year in which the Corn Laws were repealed, we find, that the average price of an Imperial bushel of wheat was 6s. 7¼d.; taking the similar five years, thirty years later, we find from the same authority that an Imperial bushel of wheat was 6s. 6½d.—that is to say, ¾d. per bushel less.

Taking the average of the entire thirty years following the repeal of the Corn Laws, the price of wheat per bushel was 6s. 5½d., so that the result of permitting the free importation of wheat into England, according to the Board

of Trade Statistics for 1903, and the *Gazette* prices, had only resulted in a decrease during thirty years of 1¼d. in the average price of an Imperial bushel.

Average price of wheat per Imperial bushel for a period of—

5 years from	1842 to 1846	... 6s. 7½d.
5 years „	1872 to 1876	... 6s. 6¼d.
30 years „	1847 to 1876	... 6s. 5½d.

Affected the Bread of the People.

Now, how had this affected the bread of the people, for the Corn Laws had been repealed in order to cheapen bread for them?

Taking an Imperial bushel of wheat, as weighing 60 lb., the flour obtained from this, would weigh about 46 lb., so that for every 46 lb. of flour, the price had fallen 1¼d., or about a ¼d. for every 7 lb. of bread and flour.

Now, according to the Board of Trade Statistics for 1903, the average bread and flour consumed by a labourer, his wife, and four children, in the United Kingdom, comes to 34 lb. per week. We may assume that this quantity of bread and flour consumed would be about equal in amount to that consumed by a similar family between 1846 and 1876; therefore the free importation of wheat had benefited a similar-sized family during those thirty years by a weekly amount of 1¼d.

Miserably Small Result of Free Trade.

I know this miserably small result of free corn will come as a surprise to most of my readers; but the figures I have given you are absolutely reliable, and it only adds, another proof of the statement I have so often made, that the placing on, or taking off, of a duty on a commodity, does not necessarily affect the price of that

commodity, when, it can be readily produced or manufactured in the country imposing the duty.

FALL IN PRICE OF BREAD NOT DUE TO FREE TRADE.

It is true that since 1877 the price of wheat has fallen from £2 6s. 2d. per quarter in that year, to £1 8s. 1d. per quarter in 1902. This is not due to Free Trade, however: it is due to the great drop in rail and shipping rates, etc.

From Chicago to Liverpool the rates by rail and steamer since 1874 have fallen greatly: by rail alone from 12s. 7½d. to 4s. per quarter, or a saving of 8s. 7½d. The declared value of wheat shipped from America has fallen from 52s. 9d. per quarter to 23s. 5d. per quarter in that time. This decrease in price has nothing, however, to do with Free Trade: it is the result of cheaper methods of handling, cheaper transport charges, and more economical methods of production; and were a duty placed on imported wheat, the declared value of foreign wheat would certainly not rise: it would most assuredly fall, as it came into competition with an increased home supply and more active competition by the colonies. When the 4s. tax was placed on wheat in 1902, did the price of bread rise? No, it did not rise. Nor did the price of bread become any cheaper when the tax on wheat—4s. per ton—was taken off in the April of 1903. No; but the price of bread has risen since then by ½d. per loaf, or by nearly twice the amount by which wheat decreased in value, during the thirty years following the repeal of the Corn Laws. And therefore it would appear, if my figures and arguments have been followed, that no serious danger of an increase in the price of bread need be assumed, even if we place an 8s. per ton duty on imported foreign wheat.

Anyhow, if it does rise in price, a sum of equal amount will be taken off the taxes we pay on sugar, tea, or tobacco. I have proposed subsidizing all wheat grown in the United Kingdom by 30s. per acre, on the condition that the growers should undertake to sell below a maximum price of 30s. per quarter, 3s. above the average price obtained by them during the last ten years. This would effectually quash the fear of famine by the poorer classes, as it would keep the price effectually down. I suggested this scheme in a letter to the *Morning Post* on October 6, 1903, but it apparently met with no response, although I consider that it will be adopted later.

CHAPTER XXII

A DISCUSSION AS TO WHO WILL PAY FOR DUTIES PLACED ON IMPORTED GOODS

THE IMPORTERS WILL PAY THE FREIGHT.

IF a country can produce more articles than are required by its inhabitants, and does supply all the home demands, it is certain, first, that the home competition, when not controlled by trusts, will effectually keep the price of these articles down; secondly, that foreign goods of a similar class will have to be sold at the prices ruling in the home market; thirdly, that the importers, and not the consumers, will have to pay the freight and duty incurred in placing foreign goods on the home market.

INHABITANTS PROSPER BY THE DUTY.

Therefore, as long as the home trade of a country is sufficiently sound and active, the inhabitants prosper by the freight paid for the imported cargo if *their* ships carry it, and also by the duty placed by them on foreign imports.

The moment, however, the home manufacturers, etc., are unable to supply the home markets, the foreign importers can raise their price, subject always to other foreign competition, and can continue doing so in proportion to the home country's inability to supply its own inhabitants.

THE FIRST IMPORTANCE TO ENCOURAGE HOME INDUSTRIES.

Hence it is of the first importance to encourage home industries in order to keep the prices down, not only of home, but also of foreign products; and to exclude trusts. When the foreigners settled in England, and importing

foreign goods raise the price, then the consumer in the home markets began to pay a proportion, if not all, of the freight and duty charged on foreign goods.

THE FREIGHT SO PAID IS A LOSS.

In this case, when foreigners receive freight for bringing their goods here, the freight so paid is a loss to the home country. When our ships receive the freight for bringing them here, the freight is no loss, neither is it a gain, because we simply pay ourselves. How, then, can we classify the loss mentioned in the first of these two latter cases?

AN 'INVISIBLE IMPORT.'

Well, we have what is called an 'invisible export,' which is the money our ships earn, and which others pay for, and this we place to our credit. Then we should call this loss—that which foreign ships earn and which we pay for—an 'invisible import,' and the amount it comes to should be deducted from the profits made in our invisible exports.

It must be clearly borne in mind that there is no increased direct loss to this country, when *our own* countrymen are the importers, *beyond the landed price of imports*, though an indirect loss occurs from the fact that, any profit made in selling these goods to their fellow-subjects, naturally induces the importers to spend greater amounts in similar foreign importations, to the detriment of the home manufacturers.

LOSS NOT HITHERTO RECKONED.

But the case is widely different when foreign manufacturers have established branches of their business in this country, and import their own goods into England. We must, in this case, reckon not only the value of the imports when landed, but the profits these foreigners make, from English pockets, in the increased price at which they

sell their goods, not only to our retailers, but in the retailing of these goods themselves, all such extra profit being eventually sent out of the country, to its loss, and it is this loss which has not hitherto been reckoned. One of many trades in which such losses are occurring is in the piano trade, etc.

PIANOS.

Foreign ships bring the pianos here, and they are valued as they land at their f.o.b. price, plus the freight, which we have to pay for. Foreigners' piano-houses in England receive these goods, and charge an additional sum of from 15 per cent. to 50 per cent. in selling these goods. This increased price charged to our consumers, is a loss not included, as between our exports and imports, and must therefore be reckoned as an invisible import.

There are no figures to inform us what this loss amounts to, but it exists wherever the foreigners have injured our home industries, and where they are not being driven to lower their prices by our own or other foreign competition, in our home markets.

THE COMPETITION OF FOREIGNERS.

This fact, in another light, is used by the so-called Free Traders. 'Yes,' they say, 'precisely; where you have an open market the competition of foreigners will *always* keep the price low.' There is one word in this sentence in using which they are absolutely wrong, and that is '*always*.'

It is necessary, in order to exist, to do something more than increase your expenditure; unless you earn, you must sooner or later find yourself unable to spend.

FORM A COMBINE.

When the different foreign manufacturers have ruined your home industries, do you think they are going to ruin one another in order that we may profit by cheap goods?

No; they will form a combine or trust, and raise the prices at their own discretion, until they find us no longer able to purchase from them.

THE LONGER WE WAIT THE MORE HARM IS BEING DONE.

We must, therefore, take steps to encourage our own industries, to assist them in every manner possible. The only way to do so is to keep the home market for their use, and, to shut out the foreigner, even as they have shut us out of their home markets. Now, most of our trades have not suffered beyond repair; they have become weakened, it is true, and the foreigner has robbed them of much of their activity, but they can be saved. No time should be lost; the longer we wait the more harm is being done to them, and the greater will be the pinch when we are deprived of the foreign supply on which we, like fools, have been depending. It is only a sign of weakness not to face the result of Protection fully.

Owing to our folly, a certain class will feel the protection of our industries at first, but the future prosperity of the whole nation is well worth a pinch at present.

The public good is to be preferred to any private advantage.

I don't consider that the poor will be likely to suffer, but the middle class may, for a short time, pay more for foreign luxuries (see quotation of Adam Smith, p. 139).

What did George Meredith say the other day? 'We must be wise and farseeing; only the men who are masters of themselves and who have the instincts of self-sacrifice can ever hold Empire.' And if we have to pay a bit more for our French motor-cars, our German pianos, our American organs, it will urge us on to renewed manu-

facturing activity; and the sooner we start, the sooner we shall be, like France, self-supplying and independent of the world. Take the subject of motor-cars, etc. For the first ten months of this year (1903) I find that the number of motor-cars and bicycles imported into England from abroad was 5,413. The value of these came to £1,777,376, or double the imports of last year. These numbers do not include a great many motor-cars, etc., which were bought in France, etc., and brought over as private property, but only those entered in the Customs House as being consigned as cargo.

LUXURIES OF THE WEALTHY.

This means that for the twelve months ending December 31, over £2,000,000* worth of motor-cars will have been allowed to land, duty free, into England. Surely these luxuries of the wealthy, when ordered from foreigners, should be taxed and our makers protected.

The French duty on English motor-cars, etc., is, I believe, 50 per cent. Is there, therefore, any valid reason why an equal tax should not be placed on their motor-cars, etc.? None at all, while the following benefits would accrue to the United Kingdom.

Revenue would be increased by £1,000,000 per annum. Our makers of motor-cars would have the English market to themselves, more factories would be opened, more workmen employed; the most of the two millions would be spent in this country instead of being spent in France.

The only people who might grumble are the French agents here, and the rich buyers who insist on having foreign goods. Let them grumble!

* This was written in November, 1903. The author's estimate was wonderfully correct, the Board of Trade Returns for 1903 give £1,988,438 value as landed in the United Kingdom.

CHAPTER XXIII

PROBABILITIES, AND HOW WE ARE SWINDLED IN OUR MARKETS.

AWAKENING.

I AM delighted to observe that the working-men of this country are awakening to the fact that it is necessary to make an alteration in our fiscal system, and that the responsibility rests with them.

If I am right, can it be doubted that they will refuse to be satisfied by the obsolete arguments, the concealment of facts, the want of proof, and the inability to explain the present unsatisfactory state of trade, which is characteristic of the speeches which have been lavishly poured out to them of late?

NAVAL AND MILITARY PROGRAMME OF GERMANY.

They have to consider, among other questions, whether, with the losses we are annually incurring, it will be possible for us to go on competing against the naval and military programme of Germany. They have to realize the possibility that when that country is as strong on sea as she is on land—which is, at present, the object of her ambition—she will make such demands on England as will precipitate a war, and that the danger of our being overrun by German legions is by no means an impossibility. Have you forgotten the first observation made by Blücher on seeing London: 'What a magnificent city to loot!' Brutal? Yes, I admit. But is the looting of London possible? and what sort of a picture does it present to you? Is it true that no village is so secluded in England, Ireland,

or Scotland, as to escape the vigilance of the German war authorities; that no spring exists unknown to them, no bridge untested, no ford untried, no horses uncounted, no stock unvalued; that we have no fort whose power is a secret, no landing of which they have no chart, no War or Naval Office secret of which they are not acquainted with? And why this interest?* We must have money to build the ships which will be capable of securing us from any such danger, and where, may I ask, is the money to come from, *if* our loss, between exports and imports, is being paid, as the Free Traders have to admit, not only from the interest we receive on our investments abroad, but from the money we earn abroad and in England, and also from the sale of the investments we now hold?

BREAD AT FAMINE PRICES.

We are losing our carrying trade, losing our export trade, and losing our capital; and, criminal folly that it is, we rely on foreigners for the one absolute necessity of life—*wheat.* Why, in less than three months after a naval war is declared it is extremely possible that bread, even *if obtainable*, will be at famine prices. Do you not think that the horrors of the French Revolution could be equalled by those perpetrated by a famine-stricken mob of aliens, anarchists, and the low-class inhabitants of London? Do you think that the millions who may be starving in London will stay peaceably in their own homes, and there starve to death, when, as Blücher says, there is 'this grand city to loot'? Do you think, even if such a necessity arose, that we could take our soldiers, and our volunteers, from our coast defences, to shoot down the unfortunate wretches, who, starving to death, were fighting in our streets in order to share the food of the more wealthy class? Do

* For the answer, see Appendix X.

you think it wise, just, or right to risk such a possibility? And would our soldiers or volunteers, even if obtainable, assist in the extermination of their fellow-countrymen, who were merely fighting for life?

PROBABILITIES AND POSSIBILITIES.

Now, are the dangers I have mentioned *possible?* If they are, face them! You say, 'Ah! but it is not probable!' D——n the probabilities! it is the *possibilities* wise men consider and guard against—nearly every fool considers the probabilities. I consider one of the worst features of the public and private life of my countrymen is the finality and importance we attach to this word *probable.*

It was considered 'probable' that the world would follow our lead when we adopted Free Trade. The possibility of their not doing so was ignored.

It was not considered 'probable,' by the Austrians, that Napoleon would cross the Alps. But he did; and the Austrians suffered from not considering the possibility of his doing so.

It was considered 'probable,' by Gladstone, that the Boers, on being given self-government, would thenceforth continue to be our loyal friends and fellow-subjects. Did they?

It was not considered 'probable' that the Boers would continue fighting after Pretoria was taken; but they did.

It is not considered 'probable' that America will go to war with us and try to take Canada. She may, however. It is a possibility which should not be overlooked.

It is not considered 'probable' that Russia will go to war with us and try to take India. She may, however. She wants India, and that is the only way she is going to get it.

It is not considered 'probable' that these two latter

events will happen together. They may, however. It is just within the bounds of a possibility; and if they do, unless we grow our own wheat, is not the possibility of a sacking of London, by a starving mob, very like a probability?

Danger of Famine a Probability.

Even in a war with America, is not this danger of famine a very likely probability, let alone a possibility?

I am of opinion that the Americans could effectually prevent us from receiving any wheat from America—North or South—and how long, under the present circumstances, should we be able to feed ourselves after such a war was declared?

Do you think we could create a wheat industry with Australia, India, or Egypt under three years which could supply as much wheat as we get from North and South America?

One reason the so-called Free Traders now advance to account for the fact that bread did not fall in price until thirty years after Free Trade was introduced was that it took some time to open up wheat districts in America. Will not this be equally true if we are forced suddenly to depend on Australia? Very well, then, *face* these possibilities.

Foreign Money.

I pointed out, at the beginning of this campaign, the possibility of the danger that certain of our papers, certain of our needy politicians, would be influenced, if not bought, through the means of foreign money. The idea was not considered 'probable.' Now, however, people have awakened to the fact that this may be more than a possibility, a very likely probability. I think that anyone who has read the extracts from German papers, German

letters, which have appeared from time to time in the daily press must be alive to this danger.*

Dangers of a Russian-Japan War.

By the Russians going to war their trade will suffer, and Germany will distinctly gain in the increased demand in Russia for German goods. If England and France are most unhappily drawn into the Russian-Japan trouble, Germany will also distinctly gain in her commerce; and when England is weakened, as she will be, both commercially and martially, Germany may then make such demands on her, for future trading or commercial concessions, that a refusal might produce war.

The principal advantage, however, to Germany will be that Protection, the commercial salvation of the United Kingdom, will be postponed, and perhaps indefinitely; and there is no doubt that such a postponement will suit Germany's book, and that her principal aim is to frustrate Mr. Chamberlain's policy by every means in her power.

'Made in Germany.'

I wonder if it is the easy-going success of past years, or the supine methods of our education and temperament, which is responsible for the saying among the majority of Britishers: 'Is it probable?' 'Oh, that's not probable.' 'I don't think it is probable.' If, after consideration, it does not appear 'probable,' the danger or eventuality is looked upon as not worth consideration. The possible is nearly always considered among experienced and travelled men, and especially so among the less civilized nations and savages, whose brains and faculties are sharpened by a strenuous life. In all the knockdown blows we have received in commerce, war, diplomacy, and arbitration, this habit of omitting to consider the possible and guard

* Appendix XI.

against it has been the cause of our failures. When 'made in Germany' was insisted on, it was considered 'probable' by the Government who brought the law into existence that this would protect our manufacturers. In other words, it was *not* considered *probable* that the Germans would be able to make this Act one redounding to their great advantage, both here and abroad. The possibility of it hurting our trade was not considered; but the Germans had already established their business here, and were at work ousting us from our trade abroad. For one thing, it was not considered 'probable' that the Germans would send their travellers round the world, into all small towns and villages, under assumed English names, with English-marked, but German manufactured goods of the worst possible type, and when the effect of these bad goods had operated, follow, with astute German travellers, with German-marked goods of the very best material. This artful move was not considered 'probable,' but it has been taken, and the effect has been most serious.

German Needles.

Do you think it 'even probable,' when the people of other nations had bought cheap and bad German needles, done up in packets marked 'Best superfine steel,' that they would be likely to buy English 'best superfine steel' needles again, when they could get cheap and good needles from the Germans, as their experience would show, after the *bonâ-fide* German traveller had been round with his excellent wares, well marked in German?

While in Spain, some years ago, and staying in a small southern seaport town, I encountered a gentleman named Smith. As we were the only visitors in the hotel, we naturally fraternised. Smith could talk English after a fashion—at least, I was able to understand him. He knew

London slightly, and was travelling in needles for an English firm—I think he told me from Sheffield. He did not give me the name of his firm, and he knew little or nothing about Sheffield or London. He showed me some sample packets of these needles. I remember the packets; they were of some shining black paper material, and had marked on them, in English, 'Best superfine steel.' There was a mystery about him which I could not solve. One point was, he did not know the English Consul in the town, and his correspondence seemed to be all German. He asked me to witness a signature to a document in German which he had signed, and I noticed with some surprise that the signature was not 'Smith.' What name it was I cannot remember, and I did not ask him for an explanation.

THE MYSTERY EXPLAINED.

Some years after, in the spring of 1901, I was in Germany, and in company with some other people obtained permission to go over some second-class needle works in the North of Germany. While looking at some machinery, I missed the party which was being conducted round the building, and on attempting to find them must have gone in the wrong direction, for I came to a filling-room, in which were innumerable pigeon-holes, and in front of the pigeon-holes were a quantity of needles apparently being done up in packets. I saw to my astonishment that they (the packets) were marked in English, the ones I saw being black shiny covers with gold markings. 'Best superfine steel needles' was inscribed in gold on these packets. The guide came into the room at the moment, and I had no other chance of investigation, as he hurried me out; but the memory of my chance acquaintance Smith in Spain years ago had recurred to me. Here was

the mystery explained. The same packets enclosing German needles were being sold by Smith in Spain as English goods. I should not probably have arrived so quickly to the conclusion I did had it not been for an acquaintanceship I had with a young German commercial gentleman, a fellow-guest in the same house in London in 1901, who had enlightened me as to the benefit the 'made in England' brand had given Germany, and also as to some of the methods by which his countrymen were taking advantage of us in trade, both in Germany and abroad.

The Supineness and the Folly of Our Commercial Leaders.

I am not blaming the Germans particularly; I am blaming the supineness and the folly of our commercial leaders in not tackling these sorts of fraud, and in not adopting the motto, 'What is the use of keeping on the mittens when the other man is using his raw uns?' and also in not guarding against the possibilities of such methods being used.

Common-Sense.

We are told we want greater technical education Bosh! What we want is a little misfortune to teach us common-sense. What we want is cuteness. We have a darned sight too much of the so-called education. We want to be taught how to conduct our business in life and how to protect our interests, and not to be educated above our calling.

Honesty and Patriotism.

Technical education should be given to those whom it will profit; classical education to those who can pay for it; domestic education to those who need it; musical

education to those who are capable of appreciating it; physical education to the weak; and common-sense and business principles should be taught to all. Thoroughness to the Government, honesty and patriotism to the leaders of the so-called Free Traders. To those who want to learn music, and who have not a musical chord in the whole of their system, let them pay for it, and so on; but to those who can prove that they have the aptness and capability to benefit by the higher branches of education, let them have all the help that can be given them. To select and encourage those who are capable of benefiting by such advanced education should be the aim and duty of all parents, masters, and teachers, and encouragement should be given to all in authority who display ability in this discrimination; but to force down the gullets of all any particular form of education is just as absurd as endeavouring to feed the varied inhabitants of the *Zoo* with hay, or the various nationalities of the Cobden Club with English beefsteak and plum-pudding.

To revert to the 'made in Germany' award of merit which we have allowed the Germans to place on their goods. They have taken good care that the goods they send into England, and those which *are thus marked 'Made in Germany'* shall be of the best quality. They are deservedly gaining ground by their own astuteness, and we are permitting them to do so by our own folly. I say, designedly, '*those goods*' which are marked 'Made in Germany' and sent into England. How about the immense number of goods which are sent into England, and which are not thus marked? What about the fittings in some of our expensive English-made dressing-cases? These are undoubtedly foreign, but they are not marked as such. What about the glass sold at Shoolbred's—a large part of the goods sold at the Army and Navy Stores?

CARELESSNESS PERMITS OUR BEING SWINDLED.

Are the various paper packets coming into England containing small articles from America, Belgium, and Germany, etc., opened? No, they are not. The case containing them is, I believe, labelled 'Goods made in Germany,' etc. Are even the closed packets containing these small articles in these cases marked in distinct type 'Made in Germany'? Not always. I have seen many packets not so marked; a small, almost unnoticeable monogram may be stamped on them. Are the contents of these packets ever examined? Are they all examined as they should be? Well, as long as they are not, inferior goods will be dumped into England, and foisted on us as our goods, because the mark is not stamped on them as it should be on *each article*. Mentioning this fact in a shop in which I was dealing the other day, the owner of the business took up a big pair of scissors and said: 'Yes, sir, I agree with you. Here is one of the articles which is ruining our home industry. Who is to know that is foreign?' There was no stamp of any sort on the scissors, and no mark on the packet to determine from which country it had been sent into England. The printing was English. A carpenter said to me *à propos* of this, 'Why, sir, they can't print English in Germany, can they?'

CUSTOMS AUTHORITIES SHOULD WAKE UP.

It is time the Customs authorities woke up to a more careful scrutiny of the manufactured goods imported into England, and to the methods adopted by the importers of foreign goods in evading examination of the goods they import. The methods the Americans have of avoiding payment on the manufactured silver goods they are now sending us, in such quantities, may be followed, for all I know, by the Germans, the Austrians, etc.

These are instances of how our country is diddled by the astute foreigner.

GERMANY IS BENEFITING.

It was discovered that Germany was benefiting by the Canadian preferential tariff on British goods, in a manner that was never intended. German woollen goods being admitted free into England, the German manufacturer sends his goods to Canada viâ England, and thereby saved the difference of 10 per cent. in the duties. I think this has been stopped; I hope so. I am told that this round-about way of invading the Canadian market was said to be practised by several firms, who have established agencies in London, and sell their goods through that medium. These goods were sometimes marked 'Made in England.'

A leading manufacturer at Toronto says the cost of production in Germany is at least 30 per cent. less than in England.

£9,300 FOR SACCHARINE FRAUDS.

For defrauding the Crown by importing saccharine under the description of 'Sulphate of aniline,' thereby evading the duty, the Lord Chief Justice recently entered judgment against Karl Frederick Kramer, a German, awarding the Crown £9,300 penalties. As he had not found bail, Kramer appeared in court in the custody of two warders.

In connivance with one Gevanda, who carried on business near Geneva, Kramer, who has a warehouse in Bermondsey, imported the aniline into this country under a false description, and then, by a chemical process, which Gevanda came over to explain to Kramer and his workers, separated the saccharine from the compound, thereby escaping a duty of 1s. 3d. per ounce imposed by the Finance Act of 1901.

The Lord Chief Justice said Kramer must remain in custody until the money was paid, or the Customs authorities made arrangements. But how long had this scoundrel been defrauding our revenues?

Diseased Meat: Butcher sent to Prison for Six Weeks.

A case of horrifying interest to Londoners was heard at King's Lynn recently, when John Hemeter, a naturalized German, was charged with preparing for food the carcass of a diseased cow, for which he had paid £2. It was stated that the defendant carried on a large and thriving business.

Sanitary Inspector Shaw said that a few days ago he saw a wasted and emaciated cow being driven to the defendant's premises. The next day, in company with the medical officer of health, he visited the premises, and there two men were found to be cutting up the carcass and preparing it for food.

The meat was impregnated with tuberculosis and gangrene, and traces of the disease were being removed, the lean being completely separated and cut up into small slices. They were then rubbed in a mixture of salt and boric acid, which in a few hours removed all traces of the disease. The defendant told the officers that the meat was going to a large firm of German-sausage manufacturers in London.

Expert evidence showed the carcass to be in a very diseased condition, and that for a person to eat such meat was to run the risk of contracting tuberculosis or blood-poisoning from gangrene. Under the treatment the meat received it was probable that it would be passed by the sanitary authorities in London.

The magistrates sentenced the defendant to six weeks'

imprisonment, and ordered him to pay £10 14s. 8d., or undergo an additional month's imprisonment. Notice of appeal was given.

Foreign Guns as English.

The Birmingham gunmakers complained recently of injury caused to English trade by the marking of Belgium-made guns with English names and the English proof-mark. It is stated that hundreds of thousands of Belgian barrels are sent over to this country, and, after being tested in an English 'proof-house,' are sold here as of home manufacture, and also reimported into Belgium and sold there as of British make.

Rampant Evasion.

Leading London gunmakers, seen on the subject, were unanimous as to the systematic and rampant evasion by foreign gunmakers of the Merchandise Marks Act. They lay the principal blame on the proof-houses—institutions chartered by Act of Parliament, and under control of guardians responsible to the London Gunmakers' Company and the Birmingham Gunmakers' Association—for not distinguishing, before affixing the proof-mark, between foreign and English barrels.

The sale of a foreign barrel without a name immediately becomes legal if it is 'proved' in London or Birmingham. The ordinary purchaser of a barrel looks to the 'proof-mark' for evidence of its origin, each country having its own distinctive sign, so that when a gun bears the English mark he naturally assumes that it is of home manufacture, the name of the foreign maker seldom appearing.

American Silver Invasion.

American manufacturers of silver-ware are invading the English market. American products have already been

introduced; but without the hall-mark it was impossible to make headway.

The silver manufacturers have now made arrangements to ship their silver-ware to England in *a partly finished condition.* After the hall-mark is affixed the goods will be shipped back to the United States for completion, and then reshipped to England.

The Treasury Department *will not* levy duty on the goods brought back, as silver-ware cannot be considered as advanced in manufacture by the affixing of the hall-mark.

How is the hall-mark affixed to Austrian-German silver fancy goods? Are they, too, allowed to play the same trick on supine John Bull? Has my reader ever noticed the worn appearance of the hall-mark on the German and Austrian silver-faced purses, pocket-books, satchels, etc., sold in such enormous quantities in this country? How comes this worn appearance? Are any of these goods marked 'Made in Germany,' etc.?

AMERICAN BOOTS.

Why was the distress so great in Northampton? Because of the American invasion of made boots. Why did not their member, Labouchere, protect his Northampton men? Had a tax been put on American boots, all the factories at Northampton would have been busy this last winter (1902-1903). Perhaps the following will explain how the Americans are capturing the business in France:

ACTION OF BOOT TRUSTS.

DEARER BOOTS IN FRANCE.—The American invasion becomes more and more serious in France, and its latest consequence is a rise of 10 per cent., decided upon by the

French boot manufacturers because of the increased scarcity of raw material. M. Gibault, Vice-President of the Wholesale Boot Manufacturers' Society, says that an important *trust* in the United States has cornered all the available leather in France, and at enormous expense has established well-appointed factories where only the most liberal methods are employed, such as tanning by electricity. The result of the action of the trust is a constant rise in the price of raw material. And here again we have an object-lesson — the importation of American trusts into France has had the effect of raising prices 10 per cent. in that country.

The following is a cutting from a recent paper:

> '*Dearer Boots.*—The association of employers in the boot and shoe trades, representing all manufacturing interests throughout the country, has decided to raise the present ruling prices for different grades of boots and shoes.
>
> 'This decision, it is stated, is based on the considerable increase in the cost of materials and production, an increase which is described as being such that present prices are inadequate to maintain a standard of quality to meet requirements.
>
> 'One explanation given of the change in price, from an outside source, is that the American boots and shoes have failed to hold the position they once gained in this country.
>
> 'While the boot invasion was at its height prices had to be lowered to meet the competition, and now that this is no longer feared to the same extent, the British manufacturers, according to this explanation, are going back to a price which makes but little extra demand on the public, and yet allows the prime consideration of quality to be maintained.
>
> 'This explanation, it may be pointed out, does not altogether fit within the facts. According to official returns, the imports of American boots have

steadily increased year by year. These are the figures given in the United States returns:

1880 ...	...	... 378,274 pairs.
1890 ...	...	... 587,108 ,,
1900 ...	...	... 3,996,766 ,,

'For the fiscal year that ended on June 30, 1903, the total export of boots and shoes from the States to this country exceeded 4,000,000 pairs. The value has increased from about £100,000 in 1893 to £940,422 in 1903.'

MORE INVISIBLE IMPORTS.

I agree with what I presume are the editorial remarks. The explanation given is *not* a satisfactory one, and I am inclined to think that the Americans have captured this association and are now forcing up the price, and our Free Trade country will soon be having to pay more invisible imports, in that they will pay the value of the boots plus the freight paid by the Americans, agency, and the insurance and other charges in bringing them here, as well as having to pay more for the home-made boots.

THE LAST ONES TO PUBLISH THE FACT.

Had the so-called association of the English boot manufacturing interests decided to raise the price, they would, I should think, have been the last ones to publish the fact and advertise to the world that the American boots would in future be cheaper than their own.

GROCERY INVASION: AMERICAN TRUST BUYS UP ENGLISH BUSINESSES.

Initial steps have been taken by an American syndicate to capture the retail grocery and provision trades in the English provinces. A start has been made in Lancashire, where some fifty shops in various towns have been acquired

by the trust. They are all established businesses, and the Americans having retained the names of the original owners, and in several cases appointed the latter as managers; the townspeople are in ignorance of the change of proprietorship.

It is understood that the ramifications of the trust will be extended if the Lancashire project prove a success. The principal member of the trust is a Chicago firm that exports to this country enormous quantities of American beef, bacon, ham, lard, and canned goods. In several large cities, including London, 'distributing centres' for the wholesale supply of these commodities have been established, but by the new scheme they will retail their own provisions in combination with groceries. It is anticipated that the methods of the 'combine' will deal a severe blow at private retailers in the North, who, between co-operative societies and branch establishments, are being crushed out of existence.

Information respecting the aims of the American Trust has come to the knowledge of the Metropolitan Grocers' and Provision Dealers' Association. Mr. Arthur J. Giles, the Secretary, stated yesterday that it might be necessary for the federated grocers to consider some scheme of retaliation.

During one week of December, 1903, there were 166 failures in England and Wales, being a net decrease, according to *Kemp's Mercantile Gazette*, of ten over the corresponding week of last year. The grocery trade heads the list.

But have I not said enough to show you the importance of protecting your industries, and prohibiting that most damnable tyranny of trusts?

CHAPTER XXIV

AS TO THE INTERESTS OF OUR ANNUITANTS, OUR PENSIONERS, AND THE ALLOWANCE TO OUR WIVES, MOTHERS, AND SISTERS

MR. E. E. WILLIAMS, in an excellent article on the 'National Programme,' assumes that a certain class of annuitants and pensioners may possibly have to pay more for certain goods they purchase if the protection of our home industries is adopted. I cannot admit even this probability, for, though certain goods may, at the moment, be cheaper, owing to foreign competition with our home producers, this cheapness will only last until the foreigners have ruined home production. When they have no longer any serious competition to fear, nothing will or can stop them from raising the price of any article for the production of which we depend on them. Where an example is required to prove such an axiom I should refer, among others, to the operations of the American Beef Trust in this country, and the present price of beef.

In every article of every-day life, a rise in price, will invariably follow the ruin of its home production, and the annuitant with no means of increasing his income, will eventually have to pay a higher price for the goods he wants. Under Protection our home industries will regain their strength, and it is certain we can produce as cheap and good a class of commodities as any of our foreign competitors, less the cost of bringing them to England.

Has it ever struck you, my dear sir or madam, that it is possible that you can buy your goods too cheaply?

For example, the foreign goods you buy in this free import country, may cost you from 10 to 15 per cent. less than they would if a duty was levelled on them; and, taking your general all-round expenditure, you may save, perhaps, 5 per cent. on your income, or your allowance, during the year, but are you likely to continue profiting by this saving of 5 per cent.? You may be indirectly assisting the ruin of a trade which directly or indirectly may affect your income, your allowance, or the income of your father, brother, or husband, and indirectly affect the prosperity of a number of your countrymen; and can there be any advantage in saving 5 per cent. for a time, only to lose 50 per cent. of your allowance or income later on?

Quite so, madam! you have no husband, and have an income of your own; but, then, are there not taxes and rates, etc., and are they likely to become lighter when those who have been assisting you to pay the taxes, rates, etc., of the country are unable to do so? Are your poor-rates likely to become lighter, the greater the number of unemployed and paupers thrown on the charity of the country through the depression of trade?

Ah, I beg your pardon—your income is independent of taxes or rates! Well, in that case, although you can now buy foreign goods at low prices, this advantage will only last until the foreigners control our markets?

Do you not know, that the sacrifice they are now making, and of which sacrifice you are profiting, is made by them in order to secure your custom, ruin the trade of your countrymen, and then reap a rich reward from the increasing price he will charge you when you are dependent on his goods? You should be clearly able to see, that, in the future you will have to pay for the luxury of your present cheap prices.

The following letter, from a sister of mine, is *à propos*. I do not wish it to be understood that the Army and Navy Stores are a solitary instance of the stocking foreign goods; it is prevalent everywhere, alas!

'KETTLESTONE RECTORY,
'FAKENHAM,
'NORFOLK.

'DEAR FRED,

Just a few lines to tell you that Percy and I have read your little book, "The Empire's Salvation," with the keenest interest, and think it is splendid. The truth of your arguments was brought strangely before us yesterday afternoon, when we went into the Army and Navy Stores to do some shopping.

'I wanted a *trunk*, and those recommended to me as being the best, lightest, and strongest were the *compressed cane trunks*, so I decided on one, only stating that I required a slight alteration, whereat the man said:

'"Sorry, madam, but in that case we can't deliver for three weeks."

'"Why not?" said I.

'"Because they *all* come from Dresden, in Germany," said he.

'I questioned him further, and he told me that there was a company for compressed cane trunks in England, but that they never supplied any but the German make, of which thousands were sold yearly. I was therefore obliged to buy the German-made article, though I must confess I was sorry to do so. Then I went into the dress department to try and get a coat and skirt, but, being only September, their choice was small, so I asked *when* the new winter stock would be in.

'"We are expecting every day now large consignments from Vienna," said the young lady, "for nearly

all our ready-made coats and skirts come from Austria."

'This was too much for my patience, so I left her, saying that I would try the mantle department and see if I could get something to suit me there. Well, I did see several long jackets, but on *every one* I saw the label to which, alas! we have become only too accustomed: "*Made in Germany.*"

'I need hardly tell you that I have given up the idea of buying a *ready-made* coat, under the circumstances, and shall order one made for me at my dressmaker's.

'By the way, before I end this letter, as I have begun telling you my grievances, I must tell you another story in point:

'The other day I had a charming dressing-case given me as a birthday present (*you forgot it!*), and the case came from one of the leading London houses. Very shortly I had need to use the scissors to cut some ribbon, but they jagged it and spoiled it completely, so that I took the first opportunity of going to my cutters in order to ask him the reason.

'He smiled a sad smile, saying: "Oh yes, madam, we know those scissors—they are German"; and, turning round, he pulled out a drawer, saying: "Here are about fifty or sixty of the same make, all out of dressing-cases. All our customers have to change them."

'I asked how and why such a thing was possible, and he told me that the Germans had simply flooded the market with inferior and simply useless goods at an absurdly low price, trying to cut out the Sheffield markets.

'It is *too* bad, is it not? And it makes me simply furious when I think how heavy the duty is in France and Italy when I get things sent out to me from England—especially on any clothes.

'I could write much more, but spare you, as I know how busy you are at the moment.

'Percy and I wish you every success at Worcester, where, I hear, you are to speak on Wednesday.

'Ever your affectionate Sister,

'HELEN L. COCHRANE.'

'*September* 28, 1903.'

Now, apart from self-interest, are we, as a community, 'playing the game'?

Does not charity begin at home?

Have our fellow-countrymen no claim on our goodwill?

Ought we not to purchase our goods from our own countrymen?

Are we to subscribe to all the charities, and to worry our souls about all the ills under the sun, to the exclusion of the troubles affecting our own people? Are we blind to the poverty collecting round our doors?

Can we not remember that the more foreign-made goods we buy, the more we enrich the foreigner and impoverish our own countrymen and, indirectly, ourselves. Here is a case I gave in my brochure, 'The Empire's Salvation':

'As money is thus lost to the nation, manufacturers and workmen are ruined, and the country becomes dependent on foreigners. What folly! What criminal negligence! As an instance of this folly perpetrated by our corporations, I saw, the other day, that the Southampton Corporation had given a £3,000 contract for pipes* to a foreign firm. They were very properly heckled for this by some men among them who deserve the name, and their answer was that, although some fourteen English firms had tendered for the contract, the Belgium or German firm were 3 per cent. cheaper. Think of this, O you working-men!—£3,000 of English money, *all* of which should have been distributed in England among honest English industries and honest English workmen, sent out

* Drain.

of this country in order to allow a body of complacent idiots to declare that they had saved their ratepayers (if, indeed, they have done so) £100. How long, oh my fellow-countrymen, are you going to tolerate such sheer, gross incompetency? Is it good for you that your trade should be killed in this manner? Are you reconciled to losing all chance of work and seeing the country becoming a home of American and German millionaires, paupers, and lunatics?

Consider the results of such a policy:

1st. The English pipe-makers—losing heart, employing less men, giving less wages, and curtailing expenses in erecting costly machinery;

2nd. The labourers and tradesmen depending on their custom, at least poorer in pocket by £2,000;

3rd. Paupers—a decided chance of men being thrown out of work, becoming dependent either on their unions or on the workhouses of the Southampton ratepayers;

and then ask yourself if these enlightened representatives of the civic world of Southampton have reason to glory in the fact that they are able to declare, for a moment, that they have saved the ratepayers about ¼d. per head, and given the foreigners £3,000 of good English ratepayers' money.

Well, my dear sir or madam, we all agree that we have not 'been playing cricket': we honestly mean to alter, but custom is too strong for us; the first time we want any article, we shall, like my sister, find we can only get foreign manufactured one, and I fear we shall take that.

It is little good singing 'Buy in the John Bull Store,' and walking about in American boots. The only remedy

is to put a duty on foreign manufactured articles. Make the foreigners pay some of our taxes, and not only protect your British manufacturer, but buy from him.

Can we not make any sacrifice for a few years in order to re-establish and give renewed vitality to the business of our own countrymen? The Government must have your mandate—the sooner the better for us all. It may be to some of us a pinch just at first, but, thank God, it will not be the poor who will suffer.

When a tooth is aching, we don't pull it out ourselves, we go to our dentist, and even this is soon right!

Well, our trade is aching: it is the Government who must step in. Tax the foreigner, give our Empire reciprocal fair trade, and your stores will soon be filled again with English goods, your unemployed will find work, your taxes will be less, and your incomes will be greater.

The following sketch shows our prevailing sentiments, but illustrates our inability to carry them out:

'BUY IN THE JOHN BULL STORE!'

Yes, there he goes again! What is it he whistles so atrociously every morning, at seven, as he passes my window? Dear me! I seem to know the air; I must find out. I'll get up to-morrow morning and meet him. I have done so! Yes, he is English! I might have known it by his whistle; it's the only British thing he was using, except the damp fog-laden atmosphere. The air?—well, it was 'Buy in the John Bull Store!' No, he was not working in it! He was errand-boy in an American bootshop. Yes, it was a long way to go, but they gave him a jolly feed at twelve o'clock, and his work was over at five. Smoke? Oh yes! One of the young gents in the bootshop had a brother who was boss of an American tobacco shop, and he always got plenty of

cigarettes. Clothes? Oh, they supplied him with his cap, clothes, and boots. Yes, he thought they came from Austria. Why? 'Cos he heard the boss saying one day, when his last suit got shabby, 'he guessed these Austrian clothes were no darned good for lasting!' But he must be going. His watch? Oh, that was his last birthday present from his father. Oh, German undoubtedly. Yes, if I paid his bus fare he could stop a bit longer. Yes, he could do a bit of cake and tea.

Well, he liked the tea: it was sweet. His mother used beetroot sugar, because his father worked in a German piano shop, and through the manager, whose brother was agent for a German firm of sugar importers, and they got it a bit cheap. His knife was evidently foreign, but not marked; his matches Belgian, his woollen shirt French, and, in fact, after offering him sixpence to produce any British goods, I found the youngster had absolutely nothing on him which could be recognised as English. And as he went away with sixpence in his Austrian waistcoat pocket, his hands in his Austrian coat pockets, his German watch in his pocket, his feet in his American boots, his head in his foreign cap, and his body in his French shirt, I heard him, between his puffs of American cigarette smoke, whistling 'Buy in the John Bull Store'!

Conclusion.

In laying down my pen, I should be neglecting a pleasurable duty if I failed to record my most sincere thanks to the *Times*, *Morning Post*, *Saturday Review*, *Daily Mail*, *Daily Express*, *Globe*, *National Review*, *Pall Mall*, etc., to orators such as Mr. Chamberlain, James Lowther, Lord Masham, Maxse, etc., or to writers such as E. E. Williams, F. T. Haggard, Wilson, Rider Haggard, Byng, Vince,

Schooling, etc., for their strenuous, patriotic, and able efforts in the national cause, as well as to the many gallant pioneers of the 'National Fair Trade League,' the echoes of whose voices and the memory of whose writings still live in our memory to remind us that their labours have not been in vain.

APPENDIX

I.—PAGE 49.

THE following cutting alludes to one of the many British concerns bought or financed by the Americans:

DEARER MATCHES.

AMERICAN ATTEMPT TO CAPTURE A BRITISH INDUSTRY.

Headed by Messrs. Bryant and May, an association comprising all the large match manufacturers in the kingdom has been formed for the purpose of putting up prices. The firms concerned have each placed the sum of £250 in the hands of the chairman of Messrs. Bryant and May (Mr. Bartholomew), who has the power to inflict fines in any case of underselling by its members, or any breach of the rules.

Wax vestas, which could be purchased previous to January 1 last at 4s. per gross, are now raised to 6s. per gross, so that the very lowest price the wholesale dealer can resell at is 6s. 6d. The street hawker will suffer considerably, as he will have to pay 1½d. per dozen more for his matches than formerly.

According to an expert who writes to the *Daily Mail*, the sole purpose of the movement is to supersede wax vestas by placing pine-wood matches on the market. Twelve months ago a similar scheme was tried, but it failed, as there was then no penalty for underselling. Our correspondent sees in the scheme what he terms an American trap, into which the British manufacturers have fallen headlong. All along American manufacturers have had designs on our match trade, which is confined to some eight firms.

Two years ago the Diamond Match Company absorbed Messrs. Bryant and May, who, rather than face a ruinous war, came to an understanding with the newest form of invasion.

II.—PAGE 75.

The following is a letter by the author, January 16, 1903, to the *Morning Post* and *Times*:

COMMERCE FOR THE YEAR 1903.

SIR,—

The optimistic chorus of the so-called Free Traders, which greeted the publication of the 'Accounts of the Trade and Navigation of the United Kingdom for 1903,' seems to be based on an entire misconception of the commerce of the United Kingdom. The small but decided improvement in our external trade during 1903 ought not to be misconstrued or exaggerated, and as so far no serious attempt has been made to analyze the figures relating to our export and import trade, I trust you will permit me to deal with some facts which will, I fear, somewhat subdue the transports of certain of these political economists. If the general tendency of the world and the axiom of political economists be sound, the exports of a country should tend to balance its imports, and it must be evident, therefore, that the returns for 1903, as published in our Blue-Books, disclose a still further increase in the excess of our imports over exports, and is a matter of the gravest importance.

This excess for 1903, being £182,459,009, we must, after realizing how great a drain this excess must mean to our resources, discover whether our commerce for 1903 has shown any relative improvement as regards preceding years.

The Board of Trade method of including imported merchandise, and imported bullion and specie, under the head of imports, and exported merchandise, and exported bullion and specie, under the head of exports, cannot fail to become a source of error, when a comparison is made between our imports and exports; and for this reason, that while it is quite possible that imported and exported bullion, etc., may be intimately associated with imported and exported goods, we have no certain evidence of the connection between them.

If there be any connection which could be determined, then the debit value of our imported goods should be credited by the amount of that portion of our exported bullion, etc., which is

so determined, while the credit value of our exports, should for similar reasons be debited by the duly determined proportion of the imported bullion, etc. As, however, it is impossible without further statistical evidence from the Board of Trade, to determine how much, if any, of the bullion and specie entering and leaving England is sent in payment for the goods we export or import, the only safe method in considering the relative condition of our commerce is to deal with our import and export of merchandise, and import and export of bullion and specie, under two separate heads.

As to bullion and specie, the Board of Trade Returns show that the gold, etc., we exported exceeded the gold, etc., we imported, the figures being as follows:

1903. Imported bullion and specie	...	£38,967,723
1903. Exported bullion and specie	...	39,233,238
Excess of exports		£265,515

This is by no means a satisfactory state of affairs. It reverses the figures of the previous fifteen years, the average annual excess of imported gold, etc., over exported gold, etc., being £4,880,044, the result being that we have retained in England less gold by £5,145,559 in 1903 than the average amount we retained in each of the previous fifteen years.

Now as to our imports and exports of merchandise. The Board of Trade figures for the previous ten years (less bullion) show a rapidly increasing excess of imports over exports: 1893, £128,000,000; 1894, £138,000,000; 1895, £131,000,000; 1896, £145,000,000; 1897, £157,000,000; 1898, £177,000,000; 1899, £155,000,000; 1900, £169,000,000; 1901, £174,000,000; 1902, £179,000,000. These years give an annually increasing excess of about £5,000,000. Now, how does our commerce in 1903 compare with the preceding years? In spite of the jubilation of the so-called Free Traders, and without counting the bullion returns, we find that 1903 has increased this excess by £3,500,000. The excess value of our imports over exports for 1903 rose to the highest point ever reached, and it means that the value of the goods we bought came in 1903 to £182,459,009 more than the value of the goods we sold, and this in spite of the improved returns of our commerce as shown by the Blue-Books.

The jubilation of the so-called Free Traders convicts them of insincerity; it shows that, in spite of their assertions as to our 'abounding prosperity,' and in spite of their claim that the more we import, and the greater the excess of these imports over exports, the greater the wealth of the country, they rejoice exceedingly at the slightest indication of any improvement in the value of our exports, and in any reduction of the alarming annual increase of the excess of imports over exports. Why, if Lord Rosebery was sincere in his 'abounding prosperity' claim as to the state of our trade in 1902, surely this alteration of the then existing state of commerce, in this slight comparative increase of exports, should plunge him into fears of some redounding calamity. The improvement, they have been unwise enough to welcome, is, at the most, a slight decrease in the average annual increase of the excess of imports over exports, which in 1903 is 0·8 per cent. less, than the average excess, for the last fifteen years. It is infinitesimal, it is true, only a drop in the abyss of our losses, but it is something. It is something to have reduced the furious gallop of your runaway horses into a hand gallop when you have a hundred miles of veldt in front of you, but it is of little use when the edge of the precipice is but a few yards in front of your leaders' heads.

Yours, etc.,

ROYAL SOCIETIES CLUB, *January* 15. FRED. G. SHAW.

AMERICAN WEALTH.

TO THE EDITOR OF THE 'MORNING LEADER.'

SIR,—

Kindly permit me to reply to the recent criticism in your columns by Mr. L. G. Chiozza Money of a letter of mine to the *Times*.

In my letter I pointed out that the value of the excess of our imports over exports for 1903 was £182,459,009, being £3,500,000 greater than the excess in 1902, and that it was important when considered in conjunction with the fact that England paid away in 1903 more gold than she received. I remarked that this is by no means a satisfactory state of affairs. It reverses the figures of the previous fifteen years—the average annual excess of imported gold, etc., over exported gold, etc.,

being £4,880,044, the result being that we have retained in England less gold by £5,145,559 in 1903 than the average amount we retained in each of the previous fifteen years.

Mr. Money omits any reference to the serious increase of the excess of imports over exports, and confines himself to an attack on my remarks quoted above, evidently desiring to minimize the effect of my warning, and to establish the belief that we are at any rate as commercially prosperous as America. It may, of course, seem a highly satisfactory state of affairs to Mr. Money, that more gold should annually leave England than she receives, and that she should at the same time be annually selling less and buying more; also that she is gradually selling her best foreign securities. Mr. Asquith, at Newcastle, told us that 'our imports were sent in payment of goods supplied, services rendered, and interests due'; but as our imports are increasing out of all proportion to the increase of these three assets, we have had to meet the liabilities of this excess of the value of the goods we purchased over those we sold by selling our securities, and also by sending away no less than £39,000,000 in bullion and specie last year, which, I may remark, was £13,000,000 more than we sent out the previous year, these payments of gold being in spite of a large falling off in our investments abroad. No doubt Mr. Money will be pleased to learn that there is every reason to fear that there will be in future a yearly increase in the excess of the gold we send out, to that which we receive. I quoted, however, an average excess of the gold we retained in England extending over a period of fifteen years. Mr. Money turns in his extremity to America, but merely contents himself with enumerating a special four years as proving that America, during those years, exported an average of £4,000,000 more bullion and specie than she imported, and argues that if it be bad for England to export more gold than she imports, America, by the same reasoning, must be in a 'parlous state.' That this is not so will be evident from the following:

America had on December 31, 1903, no less than 1,405,621,982 dollars in cash in her treasury, a sum equal to £281,000,000 of our money. On the same date, to quote the Board of Trade Returns for 1903, England's 'net deficiency of the balance of cash in her exchequer to meet the charges on September 30, 1903, as per last account, was £3,048,311, and I think I am right in saying that to meet this deficiency our taxation will be

increased, showing that *we*, at least, have no resources in hand for the purpose of meeting this deficit. Therefore, as far as America's comparative solvency is concerned, I am not, despite Mr. Money, likely to get into a panic over the fact of her spending a little cash abroad, while I am rather seriously afraid that my income-tax will be increased to meet England's deficiency.

Now, why does Mr. Money select the years 1900-1903 in order to base his attack on my arguments? I must not, of course, assume that he has especially selected these years on which to base his criticism. No; it must, of course, be from want of further information. Perhaps the following table will assist him in his search after knowledge in American affairs.

The period I have chosen extends over the last twelve years, and is up to, and includes, 1902. I have divided it into two periods of six years each. It shows the gradual increase of imported gold into America, and the gradual decrease of exported gold from that country.

AMERICAN IMPORTS AND EXPORTS OF BULLION AND SPECIE

	Imports. £		Exports. £
1891 to 1896 ...	71,000,000	...	151,000,000
1897 to 1902 ...	129,600,000	...	117,200,000
	58,600,000 increase.		33,800,000 decrease.

The latter six years in American exports and imports of bullion and specie show a net gain of £92,400,000, also that America imported £12,400,000 more gold in the last six years, in spite of the returns of the three years quoted by Mr. Money.

The same happy results follow during the same periods to other Protectionist countries such as Germany and France, etc. Germany imported £31,000,000 more than she exported; France imported £27,000,000 more than she exported.

Mr. Money must, however, be well aware that America can well afford a sum such as he mentions. Her profits in her commerce, *i.e.*, exports and imports trade—exclusive of services rendered—has averaged £116,000,000 during the last three years, 1900-1902. I have not the returns for 1903.

Mr. Money should know that there are, besides, very good reasons for America exporting more gold than she imports during

the four years he mentions, and I must therefore advise him, in fair play to the public he so often addresses, to avoid a short-sighted policy of selection in his dates when giving statistics.

The United States Government is no longer bound to buy silver—and as her people prefer paper to silver currency, the consumption of silver is relatively small—and she exports very largely to Europe, India, etc. She produces about 55,000,000 ounces annually, most of which is exported.

In the last few years the Americans have brought back vast amounts of American securities held over here personally, and have further sent considerable capital over for enterprises on this side, such as acquisitions of shares in shipping companies, concerns like Westinghouse's, schemes like Mr. Yerkes' underground railways, and the buying-up of our industrial concerns, etc. These, together with the large sums spent by tourists in Europe, etc., all go to draw money from the States, and have tended to increase her exports of gold over her imports.

It must not be forgotten, too, that America, unlike England, produces a large quantity of gold internally.

In conclusion, no matter what methods are employed in commerce, a country must feel adversely any continual drain on her gold resources, especially when her commercial and financial circumstances are similar to those of the United Kingdom at present.*

ROYAL SOCIETIES CLUB,
ST. JAMES'S, S.W.,
February 5, 1904.

III.—PAGE 85.

BRITISH CARPETS AND DRUGGETS.

In 1883-1887 our exports were valued at £6,247,200
In 1898-1902 „ „ „ £4,324,926

A loss in this trade of nearly £2,000,000, or a 30 per cent. decrease in one trade. In 1902 this trade employed 2,041 persons less than were employed in 1892.

* Mr. Money devoted three-quarters of a column of the *Morning Leader* to attacking about five lines of my letter to the *Times*. His editor, after formally promising to insert my reply, returned the above letter, on the grounds that it was longer than Mr. Money's ! ! !

BRITISH SILKS.

There are now 91,688 less workpeople employed in Britain in this industry than in 1851.

WOOLLENS AND WORSTED INDUSTRY.

From 1871 to 1901 our yearly exports of the above commodities had fallen off about £12,000,000, while 10,539 less operatives are employed.

Now, remember Sir H. Campbell-Bannerman's speech at Bolton, October 16, 1903: 'The mass of trade increases, and the signs of well-being increase with it.'

IV.—PAGE 88.

There is no greater indication of the poverty of a country than the emigration of its population. The less the emigration, the greater the sign of its prosperity. Germany has a population vastly greater than England, and yet the emigration of its population, in the five years ending with 1901, only totalled 115,521, while the emigration of the British in the same period came to 486,770, or more than four times the number. Had the Germans during these five years emigrated in proportionate numbers to the British, no less than 811,280 Germans would have left the hell Mr. Morley conjures them to exist in.

Since Germany adopted Protection, its emigrants have fallen from 50 per thousand to 4 per thousand. British emigration has been steadily rising during the above-mentioned five years—from 94,658 in 1897 to 111,585 in 1901.

V.—PAGE 139.

These comments of the *World* have been repeatedly accented by the speeches of Americans. Here is one well worthy of attention:

Mr. Carnack, the Democratic Senator of Tennessee, in the debate on the Cuban Reciprocity Bill, said:

'If Great Britain enacted a discriminating tariff against the products of the United States, it would be a staggering blow to the American agricultural interests. The beginning of a more liberal policy on the part of the United States would, in his opinion, be the end of Mr. Chamberlain's scheme.'

Thoughtful Americans are, no doubt, fearful of losing the English market, and they are considering the advisability of making concessions to England before the British have awakened to the strength and wisdom of a Protection policy and shut the door in their face. I consider (and have recorded my opinions some time since) that both the Americans and the Germans may endeavour to bind us in the chains of reciprocal trade treaties before we are thoroughly awake, to the great advantage they will gain thereby, and to our probable future loss. Notice the tendency in Appendix VI.

VI.—PAGE 143.

The *Daily Graphic*, January 13, 1904, makes an important statement regarding the fiscal relations between this country, Germany, and the colonies. Here it is in full:

'We understand that Lord Lansdowne was officially informed on the 30th ult. by the German Government that, in view of the public announcement that Great Britain regards her tariff arrangements with her colonies as exclusively a matter of domestic politics, the German Federal Council will no longer raise objections to preferential concessions made in British colonial tariffs to each other and to the United Kingdom. Accordingly, the *modus vivendi* between Great Britain and Germany has been renewed, and its advantages are extended as before to Cape Colony and New Zealand, despite the inter-Imperial preferences lately granted by those colonies. Germany stipulates, however, that most-favoured-nation treatment shall be secured to her outside the British Empire.

'In making this communication, the German Government has expressed its earnest desire to come to an arrangement by which

the commercial *relations of Germany with Canada might be dissociated to those with the rest of the British Empire.* In view of the Franco-Canadian Treaty, a special treaty will be necessary for this purpose, and the German Government is ready to *appoint Commissioners to negotiate such a treaty.* It has consequently asked His Majesty's Government to state whether these negotiations should be opened *with the British Foreign Office or direct with the Dominion Government.* The question is now being considered by the Colonial Office in consultation with Sir Wilfrid Laurier.

'The statement that the German Consul-General in Canada had already opened negotiations with the Dominion Government is inaccurate. So far the Consul-General has limited himself to a semi-official statement in the above sense to Sir Wilfrid Laurier.'

I look upon this move of the Germans as concealing a deliberate attempt to secure a footing inside the commercial freedom of our Empire, and it was against any attempt at a similar move on the part of America that I considered it necessary to utter a warning some time since. I consider that, pending a decision by the people as to our future fiscal policy, no Government is justified in ratifying a commercial treaty with a foreign country which may possibly be to the future disadvantage of any portion of our Empire.

VII.—PAGE 161.

Here is a record of some excellent work done by Mr. Edgar Wallace for the *Daily Mail*, which shows how our unemployed labourers can follow Mr. Rider Haggard's excellent call, 'Back to the Land.' Let us trust that the movement may come in time to check the tell-tale increase of our emigrants.

WORK FOR THE WILLING.

STRIKING RESULT OF A CENSUS OF THE DESTITUTE.

BY EDGAR WALLACE.

Captain Bennett-Stanford writes from Tisbury: 'If you like to send me three country labourers any day this week I will employ them on my estate here until they can obtain labour from the

farmers round. I know several of my tenants are short of labourers, and it is a general cry of farmers in this neighbourhood. I will find lodgings and pay them the surplus. The wages will be about 13s. to 14s. a week.'

I have forwarded Captain Bennett-Stanford's letter to Mr. Corkill, who will send the men.

'I have received,' writes Mr. Corkill, 'two hundred applications from men seeking work on farms.'

The farmers are beginning to realize the possibilities of London's overstocked labour market, and letters are beginning to arrive both at the Westminster Labour Bureau and at this office, requesting communication with labourers willing to work in the country.

'I am in want of a general farm labourer,' writes a Wiltshire farmer. 'He must be able to milk. We start work at 5 a.m. and leave off at 5 p.m., with an hour for breakfast and an hour for dinner. Wages, 14s. a week, cottage (six rooms), garden, potato-patch, and pig-sty.'

A Census Paper.

By the courtesy of those responsible for the maintenance of the Medland Hall at Ratcliff, where nightly 350 destitute men are housed and fed free (at a cost to the organizers of three-halfpence per man), I have been enabled to take a census, with the object of discovering exactly what proportion of the destitute are agricultural labourers. I was anxious, too, to discover whether the agricultural labourer, when found, was desirous of returning to the land, and whether the destitute of London are mostly Londoners born. With this object I printed a small form as follows:

> You are requested to mark 'Yes' or 'No' against the following questions, which are asked with the view of discovering the number of countrymen at present unemployed in London.
>
> Are you a countryman?
> Are you accustomed to farm labouring?
> Do you want to go into the country to work?
> If so, what is your name and address?

Remarkable Percentage.

These were distributed on Tuesday night among the men seeking admission to the shelter, and of the 343 inmates 342 gave answers, which are thus summarized :

Number of country-bred	213
Number of Londoners	129
Total	342

Countrymen accustomed to farm labouring and anxious to go back to the country .	69
Countrymen accustomed to farm labouring, but not desirous of returning to the country	1
Countrymen not accustomed to farm labouring, but anxious to go to the land ...	116
Men not country-bred, but accustomed to farm labouring and anxious to return to the country...	15
*Countrymen who are not accustomed to farm work, and who are not anxious to return to the land	27
Londoners ignorant of farming, but anxious to go to the country	77
*Londoners who do not desire to go to the country	37
Total	342

Thus, it will be seen that out of a total of 342, 84, or nearly 25 per cent., of these men are *bonâ-fide* agricultural labourers, and that more than 30 per cent. more are country-bred and anxious to go back to the fields.

*These men are mostly seamen, firemen, and dock labourers.

VIII.—Page 163.

THE COTTON FAMINE.

The speculators who control the American cotton markets gave a fresh proof of their power yesterday by further forcing up the price of the staple. The July option closed at 7½d. per lb., and this figure is being steadily approached by most of the other months. New high-record prices were reached all round.

An Exchange Company's telegram from Manchester states that yesterday morning's reports from the various spinning and manufacturing districts of Lancashire show that short time in the cotton trade is spreading every day.

Messrs. J. and R. Cunliffe's Broad Oak Mill, the largest cotton mill in Accrington, has commenced running short time. The Albert Mill, Accrington, is doing the same.

IX.—Page 193.

Here is the published expression of a German, Admiral Livonius:

'Our Emperor knows that an insult to him is an insult to the nation, and that the day of atonement will come; for God's mills grind slow but sure. And he may have thought to himself amid the turmoil, "Be quiet, my sword, thy day will come! . . ."

'The annual British manœuvres are useless, not to be compared to a rational, continuous training. . . . The old British tactical and seamanlike superiority is gone. "We can unhesitatingly claim it for ourselves." Ships do not fight, but men; and to multiply ships without the men is futile.' The conclusion of Admiral Livonius is that the invasion of Britain has become quite possible with steam. . . .

It is well to consider the remarkable development of the German Imperial Navy under the special Law of 1900, which provides for the construction (by 1916) of thirty-eight battleships, fourteen large cruisers, and thirty-eight small cruisers, with an increase from about 23,000 officers and men to nearly 59,000, and

an expenditure of over £86,000,000 sterling. There have recently been indications that this immense programme will be enlarged before long if Parliamentary sanction can be obtained. It is urged that the German fleet in foreign waters must be strengthened speedily in consequence of 'the position and interests of Germany abroad,' while 'the view is now generally accepted that the main object of German naval ambitions is to keep a very strong fleet continually in home waters.' The German ideal, as expressed in the special Act, is 'to have a fleet of such strength that even for the mightiest Power a war with (Germany) would jeopardize its own supremacy.' The 'mightiest Power' on the high seas is obviously England.

X.—PAGE 196.

THE GERMAN FOE.*

We have received from a Hamburg correspondent the letter which is printed below. We have obtained from him the name of *the writer* and *further proofs* that *establish the authenticity of the communication.*

HAMBURG,
Friday, *August* 28.

I have received the remarkable letter, a translation of which I append, from a prominent *merchant of this city.* A copy was addressed to him, presumably as it has been to other *leading commercial men, by a German University Professor.*

The letter was handed to me on my promise *that the identity of the writer should not be published.*

THE LETTER.

'Germany has arrived probably at the most *critical moment in her history*, and the next few years will decide whether she will fill the foremost place in the world, to which she is entitled, or sink to the rank of a secondary State. Our population is increasing at an average rate of 817,455 souls per annum, and, according to

* *Daily Express*, August 31, 1903.

Schmoller and others, the population of the Empire will within a century rise to about 150,000,000, if not more.

'No Room in Europe.

'Even if our justified wishes should be fulfilled, and if Germany should in course of time absorb Holland, Austria, and parts of Switzerland, there will, nevertheless, be no room for these 150,000,000 *Germans in Europe.* Consequently, we shall only succeed in benefiting Anglo-Saxon nations with our emigrants, who will still be the welcome *culturdunger* (manure of civilization?) as heretofore. Being too weak in numbers, Germany will play a modest part in the world compared to the Anglo-Saxon mammoth countries and Russia.

'The tendency for Protection which is *strengthening everywhere threatens us with the extinction of our industries*, which, as long as they require the raw product raised by foreign nations, are at the mercy of those foreign nations. Germany must be self-supporting, and must be able to raise her raw products in her own colonies. During 1902 we imported indispensable raw products to the value of 2,000,000,000 marks from abroad, which come from nations that may become *our enemies.* From the foregoing it follows that Germany must either have colonies, *almost at any price*, in order to preserve her *national greatness* and *independence, or perish.*

'Colonies Scarce.

'As all lands worth having are possessed by other nations (*in festen Händen*), we can only *obtain colonies by conquest.* We have no reason to fear war either *with America or Russia;* but though we *can defeat either nation*, we cannot recompense ourselves at their cost. We cannot wish to absorb millions of *Slavs or South Americans*, nor can we permanently occupy part of the United States sea border, notwithstanding the defects of the United States army. Therefore it was unwise to provoke the *United States, as our policy*, unfortunately, has done.

'Only from Great Britain can we hope to obtain *desirable possessions.* It is true that her fleet is at present numerically *much stronger than ours;* but as the size of a fleet is ultimately determined by the *wealth of the people*, we have reason for hope,

for while Great Britain is *economically stagnant*, or rather *retrogressing*, we are rapidly progressing. For instance, British exports are admittedly shrinking *when we deduct her export of coal*, while our exports are rapidly *expanding*, as the following table of our chief exports shows :

	1893—Marks.	1902—Marks.
Woollen goods ...	217,900,000 ...	266,900,000
Cotton goods ..	154,300,000 ...	259,200,000
Machinery ...	64,300,000	197,400,000
Coarse iron goods ...	66,100,000 ...	162,200,000
Clothing, etc. ..	61,700,000 ..	120,800,000
Fine iron goods ...	27,000,000 ...	80,400,000
China	12,100,000 . .	47,800,000

'The rapid expansion in the exports of goods, in which Great Britain once was paramount, clearly proves that industrially we are in the ascendant, while Great Britain is stagnant.

'GERMANY'S THRIFT.

'At the end of 1900 there were 8,919,837,000 marks in the German savings banks, as compared with only 3,600,000,000 marks in the British savings banks. These two facts prove what has been known for a long time—that *Great Britain is industrially and financially decaying*, and entitle us to hope that Germany shall be the chief heir when Great Britain has been so far reduced that the final liquidation takes place.

'Our whole future lies, therefore, in the direction indicated; but those brilliant *prospects would be threatened if Mr. Chamberlain should succeed in carrying out his Imperial and fiscal plans, which would convert the present helpless and loose conglomeration of stagnant nations into a homogeneous and progressing Empire.* Besides, our industries, which have *grown at England's cost*, and which see in the British colonies their most promising market, would rapidly decay if such a contingency should take place.

'It is therefore in the interests of Germany to avert, by all means possible, the *calamity* with which the *success of Mr. Chamberlain's policy would threaten our political and industrial future as a World Power*, and no means should be left

unused, and no expense should be spared, in order to frustrate Mr. Chamberlain's aims.

'To attain that end the following steps, among others, might be taken:

'1. *The British Free Traders should be assisted in every way.* A powerful Press *bureau disposing of ample funds* should be established in *London* by the *Government*, in order to promote *Free Trade in Great Britain*, and it could receive ample assistance from professional circles. As the *Cobden Club* has always made propaganda in England through foreigners such as *Yves Guyot*, *Bastiat*, *Leone Levi*, *Montgredien*, *Courcelles-Seneuil*, and others, that institution would probably welcome such assistance.

'Besides, attempts should carefully be made to induce the numerous foreign members of the

COBDEN CLUB

to be more active. Addresses and resolutions on the part of the German Free Traders might stimulate them to greater activity. Individual exertions in that direction, such as the article in support of Free Trade by Brentano in the *Fortnightly Review* for August, are praiseworthy, but have little effect compared with a well-organized campaign.

'2. It is known that

MONEY

plays a great part in all English *elections*, and a discreet personage in England should be entrusted with

AMPLE FUNDS,

partly with the object of increasing the party funds of the Free Traders, but chiefly in order to convert

IMPECUNIOUS BUT IMPORTANT

political personages and papers to Free Trade by judicious subsidies.

'HINT TO GOVERNMENT.

'3. The Government should intimate that Protection was a mistake, though it was, to its regret, necessary for the moment; that a return to Free Trade was contemplated, and that other

Governments would be sounded in order to induce them to take up general Free Trade. At the same time, it should publicly and emphatically be declared that any attempt at giving preference to the

BRITISH COLONIES

would be answered by a tax of 50 per cent. *ad valorem* on British imports. Such an announcement would be particularly valuable if it was vigorously utilized (*ausgeschlachtet*) by the

SUBSIDIZED PRESS

in the English manufacturing districts. Otherwise the value of such a declaration would be comparatively small.

'Only after the outbreak of the South African War laid we down our great fleet, which would have saved Africa for us if we had built it in good time. Surely, in a case like the present, when our whole future is at stake, funds should not be stinted, and *if the*

SECRET FUNDS

at the disposal of the Government should prove insufficient, our great *industrialists* should be approached, who, if they only understand their own interests, will give the Government all the *financial assistance* which is needed.

'You and the few other gentlemen to whom I am addressing these views have much influence in the highest circles, and I hope you will use that privileged position for advocating the steps recommended herein in the discreetest and most vigorous manner. By doing so you will work for the benefit of our *Fatherland*.'

For a full consideration of the objects of the Cobden Club and Germany's methods, etc., see 'The Empire's Salvation.'

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THE END

Specimen Plate.



FIG. 2.—DONATI'S COMET ON SEPTEMBER 8, 15 AND 30, AND OCTOBER 12, 1858, SHOWING THE POSITION OF THE EARTH ON THE SAME DATES.

A, Dotted curve indicates edge of attending meteorites; B, perihelion.

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